

Nottingham City Council Delegated Decision



Nottingham
City Council

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| Reference Number: | 3609 |
| Author: | Rachel Mottram |
| Department: | Development and Growth |
| Contact: | Rachel Mottram (Job Title: Executive Officer, Email: rachel.mottram@nottinghamcity.gov.uk, Phone: 01158764295) |
| Subject: | Exclusivity agreement and procurement of commercial property agents for the proposed Angel Row office development |
| Total Value: | 365,000 (Type: Capital and Revenue) |
| Decision Being Taken: | <ol style="list-style-type: none">1) To approve entering into a Stage 1 Exclusivity with the proposed developer and to agree to underwrite agreed costs up to a maximum level stated in the exempted appendices.2) Approve the procurement of a Commercial Property Agent to provide advice on the design of the proposed development and initial marketing plans.3) Approve the appointment of external Solicitors to provide advice on and undertake all aspect of legal work associated with the Angel Row development and delegate the appointment of the external solicitors to the Director of Legal & Governance.4) To appoint an external Quantity Surveyor with experience of this type of project to review development cost and specification and approve dispensation from Financial Regulations to allow a direct appointment to be made on the grounds that the consultant has specialist knowledge.5) To appoint an independent Investment Agent to provide a market review of the investment market and review the specific funding offer and approve dispensation from Financial Regulations to allow a direct appointment to be made on the grounds of commercial sensitivity. |

Reasons for the Decision(s) LKD 2649 approved in principle the disposal of the Angel Row site to Henry Boot Developments Ltd (HBDL) subject to agreement of Heads of Terms to enter into a pre-contract period with the developer leading to a binding development contract and agreement to lease the completed office development. Agreement has now been reached to grant HBDL exclusivity to progress the design stage of the project. To ensure the Council is fully informed it now needs to appoint specialist advisors to review the proposed design, provide initial marketing and letting advice, comment and review the specification and associated cost plan and review the investment market and provide advice on an offer received.

Specific advice is required on the areas detailed above to allow the Council to make a well informed decision and ensure the project if the decision is made to proceed. To achieve this specific expertise is required in a number of areas including;

1. advising the Council and design team on the physical design/layout and the M&E specification and advise on the letting terms that can be achieved by that design.
2. The independent QS is required to review the specification and associated cost plan at all stages to ensure they are in line with market expectations. They will also advise on value engineering and alternative options for materials and M&E etc.
3. An independent investment agent will provide a review of the investment market and produce a report which will inform the Councils decision to proceed with this project.
4. External solicitor with expertise in this area of investment and development will be appointed to advise on and complete all legal documentation associated with this project.

Other Options Considered: Not to grant an exclusive period - in order to progress the proposed design the developer requires a level of certainty which is provided by the exclusivity. If this is not granted the project with HBDL will not progress and for this reason this option was rejected

Not to appoint an external agent - this option has been rejected as the relevant expertise on the design of Grade A offices is not available in-house. Also, the Council requires expert advice on branding and marketing of the space so that it can achieve the highest possible and secure rental income. An external office agent from a national/internationally recognised firm will be able to deliver this entire package of work.

Not to appoint external solicitors - this option has been rejected as the timeframe to complete the substantial and complicated legal work associated with this project is too short to resource in-house.

Background Papers: None

Published Works: None

Affected Wards: Castle

Colleague / Councillor Interests: None

Any Information Exempt from publication:

Yes

Dispensation from Financial Regulations:

Yes

Exempt Information:

Description of what is exempt:

The approval cost breakdown.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because the decision to proceed with the office development is yet to be approved by Executive Board. The publication of the cost breakdown could impact negatively on any agents tender submission as they will already know the fee level we are seeking.

Documents exempt from publication:

Angel Row DDM - Exempt Property Comments 25.07.2019.docx, Exempt Appendix - PFH DDM July 2019v2.docx, 190724 - Angel Row Development Finance Comments.pdf, Copy of Angel Row - Stage 1 Cost Breakdown 19.07.2019v2.xlsx

Consultations:

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

There are no crime and disorder implications associated with this decision.

Equality:

EIA not required. Reasons: The decision does not impact on policy, services or functions.

Social Value Considerations:

The appointment of specialist advisors will ensure that the finished development is of a high quality in terms of design and finish. As part of the scheme the Angel Row street scene will be de-cluttered to provide a more open and clean area for pedestrians. It is anticipated that this scheme will provide a significant boost to this location, bringing higher footfall levels from occupiers and visitors to the building. In turn, the increase in population of workers and visitors will have a positive impact on the local economy.

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| Relates to Council Property Assets: | Yes |
| Decision Type: | Portfolio Holder |
| Subject to Call In: | Yes |
| Call In Expiry date: | 09/08/2019 |
| Advice Sought: | Legal, Finance, Procurement, Property |
| Legal Advice: | The proposals set out in the report raise no significant legal issues and are supported. This is a complex development which will need appropriate resource to bring it to fruition. In this instance the internal Legal and Property teams will need to be supplemented by private sector support in order to deliver the scheme in a timely manner. Advice provided by Malcolm Townroe (Director of Legal and Governance) on 02/07/2019. |
| Finance Advice: | This advice is exempt from publication and is contained within an exempt appendix. Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 26/07/2019. |
| Property Advice: | This report relates to a Property matter and the recommendation is fully supported. Advice provided by Richard Cox (Property Projects Manager) on 04/07/2019. Advice provided by Rachel Mottram (Executive Officer) on 26/07/2019. |
| Procurement Advice: | The Procurement Team will work with the client to ensure that the appointments are made in compliance with the Public Contracts Regulations and the Council's Contract Procedure Rules. It is understood that the external solicitors will be engaged through the EM Lawshare framework, which represents a compliant route for the engagement. Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 26/06/2019. |
| Signatures | David Mellen (Leader/ PH Regeneration, Safety and Communications) SIGNED and Dated: 01/08/2019 |
| | Chris Henning (Corporate Director for Development and Growth) SIGNED and Dated: 29/07/2019 |
| | Laura Pattman (Strategic Director of Finance) - Dispensation from Financial Regulations SIGNED and Dated: 30/07/2019 |
| | Chief Finance Officer's Comments: |