

Chichester District Council

THE CABINET

4 December 2018

Chichester Enterprise Centre

1. Contact

Cabinet Member

Tony Dignum - Leader of the Council

Telephone: 01243 538585 Email: tdignum@chichester.gov.uk

Report Author:

Alan Gregory – Project Manager Estates

Telephone: 01243 534818 E-mail: agregory@chichester.gov.uk

2. Recommendation

- 2.1. **That the Post Project Evaluation (PPE) report in appendix one to the agenda report for the Chichester Enterprise Centre development be approved.**

3. Background

- 3.1. At meetings held on 6 October 2009 and 2 November 2010 the former Executive Board considered options for Plot 12 Terminus Road and determined it to be the most suitable site for an Enterprise Gateway to serve the District and reserved use of part of Plot 12 for this purpose. The Executive Board approved a Project Initiation Document (PID) for the project and agreed that Plot 12 Terminus Road be redeveloped for an Enterprise Gateway by granting a long lease to a specialist private sector developer with experience in developing and operating this type of development, subject to payment of a ground rent and a development agreement to construct and manage an Enterprise Gateway.
- 3.2. In accordance with that decision the Council sought to implement the project and to find a developer partner through a lengthy marketing process to meet the requirements of European procurement legislation. This achieved a limited response as the development and management of the type of facility proposed was specialised and outside of the activities of most property development companies. A development partner was, however, selected.
- 3.3. Unfortunately that partner subsequently withdrew advising that they were no longer prepared to fund the project. Following that withdrawal, at its meeting held on 3 September 2013 Cabinet considered the options available to the Council and resolved:
 - (1) That the Enterprise Gateway Project be approved in principle.
 - (2) That expressions of interest be invited for project management and operator services for the project with an appointment being made following assessment of tenders.

- (3) That the residue of the budget previously allocated for the development of the Enterprise Gateway Project be retained and increased, using existing budgets, from £11,000 to £15,000 to fund further assessment and the initial stages of taking the project forward.
- 3.4. In May 2014 Full Council approved the allocation of £4,021,000 of capital reserves funding to the project estimated by CBRE consultants.
- 3.5. Officers subsequently appointed an Employer's Agent to ensure that the design of the Enterprise Gateway met both the requirement of a future operator and the Council's objectives for the project and to investigate the optimum location for the development on the site and thereafter to seek tenders from potential operators.
- 3.6. A feasibility study was commissioned and identified the best location on the site for the development of the Enterprise Gateway including a schematic design plan for the development
- 3.7. On 7 July 2015 Cabinet considered the options available for the Enterprise Gateway project and resolved:
- That the Enterprise Gateway Project be approved in principle.
 - That a total budget of £6,245,860 be allocated from capital reserves to fund the project.
 - That £88,500 of the allocated budget be released to appoint an architect and design team to the planning permission stage.
- 3.8. An EU compliant tender identified the preferred Gateway operator as Basepoint. This was reported to and approved by Cabinet on 7 July 2015.
- 3.9. A two stage Design and Build EU procurement process was concluded in January 2016 when the preferred main construction contract tenderer was interviewed by Council officers, the Employers Agent, the then Cabinet Member for Commercial Services and her special advisor.
- 3.10. At its meeting of 8 March 2016 the Cabinet resolved:
- That, having regard to the revised Return on Investment, £140,000 be released from the approved budget to allow the project to proceed to the next stage
 - That a pre-construction agreement be entered into with the preferred contractor to complete the design and provide a fixed price for construction.
 - Following the contractor providing the Council with a detailed fixed price, and subject to the total project costs being within the budget approved by Council, that the Head of Commercial Services be authorised, after consultation with the Cabinet Member for Commercial Services, to conclude a design & build contract with the contractor.
- 3.11. Planning permission for the scheme was obtained on 3 February 2016.

4. Post Project Evaluation

- 4.1 The Post Project Evaluation (PPE) appendix one provides a review of how the Enterprise Centre Project performed against the original intentions set out in the Project Initiation Document. It allows lessons learned to be passed on to other projects and ensures that provisions have been made to address all open issues and risks alongside follow on actions and recommendations where appropriate. It also provides the opportunity to assess any expected outcomes that have already been achieved and/or provide a review plan for those outcomes yet to be realised.
- 4.2 The original project objectives were fully achieved albeit to a timetable that was noticeably different from that contained in the original PID for the reasons set out in section 3 above.
- 4.3 A significant underspend of £234,000 of the capital budget has been achieved in the delivery of the project despite some challenging obstacles during construction, including major ground contamination issues. A copy of the PPE can be found at appendix 1.
- 4.4 Having considered the PPE at their meeting of 18th September 2018 the Overview and Scrutiny Committee endorsed that the project had been well managed overall and noted the content of the PPE report.

5. Contract Monitoring and Performance

- 5.1 Following Practical Completion on 23 January 2018, the “Premises Operational Date” for the purposes of the formal handover of the management of the centre and the contract year to the “Operational Management Agreement” (OMA) is 1 March 2018.
- 5.2 With the current approach to operational matters bedding in, a series of monthly review meetings are currently being held between the Council and the operator. The Estates Service manages the relationship with Basepoint and the ongoing operational issues. Going forward the OMA requires that quarterly management and financial reports be issued for the duration of the contract.
- 5.3 The OMA lists a series of service level specifications that must be met including financial management, income levels, centre operation and health and safety.

6. Consultation

- 6.1 A centre occupant’s satisfaction survey will be undertaken on annual bases by Basepoint as part of the required client feedback process set out in the OMA and the general performance reporting requirements.
- 6.2 A requirement of the Green Travel Plan for the centre is that whenever a unit is let a number of travel related questions are undertaken. This allows individual travel needs to be identified and ultimately help shape the centre’s travel plan to meet occupier requirements. It allows the Centre management to discuss individual needs in more detail with licensees and advise them of their options.

6.3 Further surveys of travel patterns associated with the centre and occupier travel requirements will be undertaken once the centre has been open for a year and when it has reached 90% occupancy or has been open for 2 years, whichever is sooner. After that they will be undertaken at two and five-year stages and as agreed with the Council.

7. Community Impact and Corporate Risks

7.1 For the first ten years of operation of the business the guaranteed minimum income returns required of the operator under the terms of the OMA reduce the risk in the financial return on the Council's investment during the term of the contract.

8. Other Implications

| | Yes | No |
|---|-----|----|
| Crime and Disorder The additional employment opportunities created by the construction of the centre could help reduce incidents of crime and disorder | X | |
| Climate Change | | X |
| Human Rights and Equality Impact | | X |
| Safeguarding | | X |
| General Data Protection Regulations | | X |
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9. Appendices

9.1 Appendix 1- Post Project Evaluation Document - Chichester Enterprise Centre

9.2 Appendix 2 – Guaranteed Income and Combined GI plus profit share

10. Background Papers

10.1 Enterprise Gateway Project - Cabinet Report: 3 September 2013

10.2 Enterprise Gateway Project - Cabinet Report: 1 April 2014

10.3 Enterprise Gateway Project - Cabinet Report: 7 July 2015

10.4 Enterprise Gateway Project - Cabinet Report: 8 March 2016

10.5 Minutes of the Overview and Scrutiny Committee: 18 September 2018

[**Note** Each of these background papers is available for viewing on the committee papers pages of Chichester District Council's website]