

Central Bedfordshire Council

Executive

12 June 2018

Stratton 5a Industrial Unit, Biggleswade

Report of: Cllr Eugene Ghent, Executive Member for Assets and Housing
(eugene.ghent@centralbedfordshire.gov.uk)

Responsible Director(s): Marcel Coiffait, Director Community Services
(marcel.coiffait@centralbedfordshire.gov.uk)

This report relates to a decision that is Key

Purpose of this report

1. The report proposes that the Executive authorise the Director of Community Services, in consultation with the Executive Member for Assets and Housing Delivery, to tender the contract for construction of Stratton 5a industrial unit, Biggleswade.
2. The report also proposes that the Executive delegates authority to the Director of Community services, in consultation with the Executive Member for Assets and Housing Delivery, to award the contract for the construction of Stratton 5a industrial unit, Biggleswade.

RECOMMENDATIONS

The Executive or Committee is asked to:

1. authorise the Director of Community Services, in consultation with the Executive Member for Assets and Housing Delivery, to tender the contract for construction of Stratton 5a industrial unit, Biggleswade; and
2. authorise the Director of Community Services, in consultation with Executive Member for Assets and Housing Delivery, to award the contract for the construction of Stratton 5a industrial unit, Biggleswade.

Overview and Scrutiny Comments/Recommendations

3. This has not been considered by Overview and Scrutiny Committee. The project has however been approved as part of the budget setting process, and recently been through Executive and Council to approve an increase in the project budget.

Issues

4. Within the Stratton development at Biggleswade, there is one remaining plot at Stratton Phase 5 (all others sold to owner occupiers). An outline Business Case is already approved (included in MTFP) to build a new industrial unit, (Plot 5a - 25,000 sqft), with a corresponding efficiency from 2019/20 from rental income.
5. Specific negotiations are underway with a local business, who requires a larger unit (36,500 sqft), to build on a pre-let basis (subject to Agreement to Lease - minimal risk to CBC).
6. To meet the specific business needs of the proposed tenants, the project programme has no capacity for any delays.
7. Tender action is proposed to follow immediately Stage 4 Technical Design, on the provision that Heads of Terms with the proposal tenants have been agreed.
8. Award of the contract for construction is proposed to immediately follow submission and review of the Tender Report, assuming the tender sum is within agreed funding which will be set out in the Detailed Business Case.
9. Due to the need to ensure no delays, this paper is being submitted in advance of the Detailed Business Case, and tender action will only take place if the Detailed Business Case is approved.
10. Commercial terms with the proposed tenants are also subject to obtaining construction tender price at affordable level.
11. This proposal will increase the rental value as well as increasing NNDR (business rates).

Options for consideration

12. To grant authorisation to proceed to Tender or not.
13. To delegate award of construction contract or not.

Reason/s for decision

14. In order to secure the proposed tenants, we must maintain the programme. Any delay may risk the loss of the proposed tenants and delay the revenue income in the MTFP (assuming a new tenant could be secured).

Council Priorities

15. The new development will help retain an existing employer and encourage the creation of new jobs.
16. The financial investment will deliver efficiencies in the MTFP.

Corporate Implications

Legal Implications

15. Section 2 of the Local Authorities (Land) Act 1963 confers power upon local authorities to erect buildings and to construct or carry out works for the benefit or improvement of their area.
16. Section 123 of the Local Government Act 1972 provides that a local authority may dispose of any of their land as they choose but, except in the case of a short tenancy, the consent of the Secretary of State is required if it is intended to dispose of land at less than the best consideration that can reasonably be obtained. A short tenancy is defined as the grant of a lease not exceeding seven years, or the assignment of a lease which at the date of assignment has not more than seven years to run.
17. The cost of the proposed works is estimated at £4.89 m which is above the EU threshold for works contracts. To comply with the Council's Code of Procurement Governance it will be necessary to carry out a formal tender with advertisement and the inclusion of contract conditions. Five or more tenders should be invited where possible. The Council's Code of Procurement Governance will need to be followed at all stages of the procurement exercise, as will the relevant EU & UK procurement legislation which sets out the formal processes and procedures which must be adhered to.
18. Until an agreement for lease has been entered into with the proposed tenant there is no legal obligation on them to take the unit. Conversely, the Council are not obliged to grant the lease to the proposed tenant. Therefore, it is advisable not to "customise" the specification for the unit too much to ensure the unit is marketable should the proposed transaction with the proposed tenant fall through. Further, to keep expenditure to a minimum that relates specifically to the proposed tenant's proposed use of the unit until they sign an agreement for lease to take the unit.

Financial and Risk Implications

19. The project has been approved within the Medium Term Financial Plan and Council approval to extend the size of the unit at additional cost (and income) obtained.

Equalities Implications

20. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. There are no specific equality implications raised by this proposal.

Conclusion and next Steps

21. Should the recommendations in this report be agreed, once the tender process has been completed the Council will award the contract as appropriate and proceed to construction, once the Detailed Business Case and terms with tenants are agreed.
22. This will enable the project programme to be maintained and the securing of the proposed tenants. Any delay may risk the loss of the proposed tenants and delay the revenue currently estimated in the MTFP (assuming a new tenant could be secured).

Appendices

None

Background Papers

None