

## EXECUTIVE DECISION RECORD SHEET

<b>Name of decision maker:</b>	<b>Cllr. Nicholas Tiley</b>
<b>Portfolio:</b>	<b>Finance &amp; Resources</b>
<b>Date of Portfolio Holder Decision:</b>	<b>7 October 2009</b>

<b>Title of Decision: Axis Point – Selection of Development Partner</b>
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### **Decision made and reasons:**

1. To note that a European Union tendering exercise has been undertaken in conjunction with the East of England Development Agency (“EEDA”) to procure a development partner for the Axis Point project.
2. To award the contract to a joint venture of Wrenbridge Land Ltd. and Trebor Developments LLP to construct an “Innovation Centre” and a number of small industrial units for the Council at nil cost to the Council in consideration of the grant of a long term lease on another part of the Axis Point site.
3. In pursuance of recommendation 2., to delegate authority to the Head of Resources to negotiate and prepare all heads of terms and conditions in respect of any development agreement, overage agreement, lease, transfer and any other legal document subject to the satisfaction of the statutory officers for further consideration by the Portfolio Holder for Finance & Resources (in consultation with the Portfolio Holder for Planning & Regeneration).

The Axis Point Business Centre will provide a ‘one stop shop’ for local business needs, and will be a centre where business support organisations can work under one roof. The project is designed to deliver support to the local economy through the creation of small businesses and increased survival rates, through the provision of the various facilities detailed in the report.

The project will enable the fulfilment of objectives in the Council’s Economic Development and Asset Management Plans.

Under Section 123 of the Local Government Act 1972 the Council’s freedom to dispose of its own land as it wishes is qualified and, in the current case, the effect of this is that the consideration is required to be the best that can reasonably be obtained. Following the OJEU process has enabled this duty to be discharged.

Pursuant to the Cabinet decision on 30 September 2008, the Portfolio Holder for Finances and Resources has the delegated authority (in consultation with the Portfolio Holder for Planning and Regeneration) to provide any authorisation that may be required. The Portfolio Holder for Finance and Resources has consulted the Portfolio Holder for Planning and Regeneration, who was a member of the tender evaluation interview panel, as referred to below, and has taken his views into account. This decision to award the contract is being taken in accordance with the above-mentioned delegation.

Part II appendix

The Part II appendix to this report includes the evaluation scores and other commercial information.

## EXECUTIVE DECISION RECORD SHEET

### **Reports considered, (including confidential documentation): (here reference can be made to specific documents)**

Tender submission of Wrenbridge Land Ltd and Trebor Developments LLP, Axis Point Development Brief, Axis Point legal funding agreement with EEDA, DBC's original funding application to EEDA, evaluation questions, answers and scoring sheets, Cabinet report "Axis Point" – 30 September 2008, Asset Management Plan and Economic Development Strategy.

### **Officers/Councillors/Ward Councillors/Stakeholders Consulted:**

Councillor Ian Reay, the Head of Resources, the Head of Planning and Regeneration, the Senior Manager- Hemel 2020, the Building Services Manager, the Programme Processes Lead officer and the East of England Development Agency (EEDA).

### **Monitoring Officer comments:**

The Deputy Monitoring Officer's comments have been incorporated in the report.

### **Chief Financial Officer comments:**

As the Council is the accountable body for the project, the statutory officers will need to be satisfied that the final agreement allows risk management of this scheme to be at an acceptable level to safeguard the taxpayers interest.

The approved budget for the project within the capital programme is for £2.2 million which will be fully funded by EEDA grant with the council providing the land for the development.

At this stage, no financial implications have been incorporated into the medium term financial forecast, other than the approved capital allocation. Therefore, the future revenue implications will need to be incorporated into budget preparation for inclusion in the medium term financial strategy.

It is a condition that this scheme must be completed by December 2010, otherwise the Council may lose grant so potentially may have to bear some costs if the December 2010 deadline is not met.

It is essential that the £2.2m budget for this scheme is not exceeded and the grant must be used for the specific purpose it was intended. It is also essential that in the information supplied by Wrenbridge on 18 September 2009, when it was indicated that the EEDA funding for £2,200,000 would fully finance the Innovation Centre together with the small units. The Council has indicated that it would like to deliver a 20 unit scheme that would cost more than £2,200,000 and currently there is no funding identified for this part of the scheme within the Council's approved budgets.

Therefore, it is essential that the Innovation Centre together with the small units can operate separately as an effective operation without any dependency on the warehouse. This is in case this part of the scheme is not progressed due to the lack of an approved budget to fund this scheme, the cost of which has not been quantified and

## EXECUTIVE DECISION RECORD SHEET

therefore would require separate approval.

Bankers references will be obtained for the successful tenderers.

**Implications:** There is grant funding in place (subject to the risks set out below) from EEDA which provides £2,782m. for the Axis Point Business Centre. DBC have agreed to match fund the project with the value of the site and the project is designed to deliver support to the local economy through the creation of small businesses and increased survival rates, through the provision of facilities as detailed in the report.

**Risk:** This project is high profile, and has been publicised to the local business community for a number of years, The project is also a DBC priority monitored through the Improving Dacorum Programme. Should this tender not be accepted the project will fail to be completed. There is also a total of £2.782m of EEDA funding allocated to the delivery of the project of which £190,000 has been spent and may be reclaimed if the project does not progress. DBC also needs to be viewed by regional agencies as a Council that can deliver.

**Value for Money:** The requirement for achieving the best consideration that can reasonably be obtained has been an integral part of the Axis Point project, as demonstrated/referred to elsewhere in this report.

**Options Considered and reasons for rejection:**

This project was subject to a full OJEU tender process. Following evaluation of the tenders submitted and interviews, Wrenbridge Land Ltd. and Trebor Developments LLP have been recommended for acceptance as against the other tender submission.

**Portfolio Holders Signature:**

**Date:**

**Details of any interests declared and any dispensations given by the Standards Committee:**

**For Member Support Officer use only**

Date Decision Record Sheet received from portfolio holder: 2 October 2009

Date Decision Published: 7 October 2009

Decision No: PH/058/09

Date of Expiry of Call-In Period: 14 October 2009

Date any Call-In received or decision implemented:

# EXECUTIVE DECISION RECORD SHEET

## BACKGROUND

### Asset Management Plan

The Axis Point project is one that is recognised as a corporate priority through various strategies including the Economic Development Strategy and the Asset Management Plan.

### Axis Point Business Centre

Work on the Axis Point Business Centre commenced around five years ago. Due to the amount of funding involved and the value of the site, the project was delayed whilst legal work took place in finalising the funding agreement between DBC and EEDA. Until the funding agreement was finalised, no actual work on the project could take place.

Following the completion of the funding agreement, the project went out to a full tender process. One tender was received and the contract for the refurbishment of the building was awarded. The organisation undertaking the refurbishment requested further survey work before moving forward and it became apparent that the buildings and site were not economically viable for refurbishment and that the site would need to be cleared and rebuilt.

This discovery caused further delays to the project (which was due to be completed in 2007); however, because of these delays, in-depth discussions have taken place with EEDA regarding the continuation of the project. An options appraisal was also considered by Cabinet (30 September 2008). A decision was reached by both the Council and EEDA to go ahead with the project. Due to the changes in the works requirements, and the need for new plans for the site, it was necessary to repeat the procurement process.

Axis Point was subjected to an OJEU tender process to develop the site. On 6 July 2009 two tenders were received from Wrenbridge Land Ltd. and Trebor Developments LLP, a joint venture, and from another company. Both tenders were evaluated and both the joint venture and the other company were interviewed on Thursday, 30<sup>th</sup> July 2009. The presentations of the proposals at interview (before a panel consisting of Officers, EEDA and the Portfolio Holder for Planning and Regeneration (the Portfolio Holder for Finance and Resources being absent on holiday at the time)) were also evaluated.

On completion of the evaluation process the joint venture of Wrenbridge Land Ltd. and Trebor Developments LLP accrued the higher score. It is therefore recommended that the contract be awarded to such joint venture.

The development, which is subject to the requirement for planning permission, will entail the construction of an Innovation Centre and a number of small industrial units for the Council at nil cost to the Council in consideration of the grant of a long term lease on part of the site at Axis Point.

The Axis Point Business Centre will provide a 'one stop shop' for local business needs, and will be a centre where business support organisations can work under one roof; this includes DBC, Business Link and Hertfordshire Chamber of Commerce and Industry and other business support organisations. These organisations will be based in the Innovation

## **EXECUTIVE DECISION RECORD SHEET**

Centre to offer on-site support and advice to new businesses. The rest of the building will house incubator units for start-up/small businesses. Separate from the Innovation Centre will be a number of flexible, small, light industrial units.

The agreement reached with EEDA is that the project will be completed and fully spent in 2010. There is a risk that further extensions in time to spend this funding will not be granted and the loss of this opportunity the funding allocated to the project. This could also damage the reputation of the Council as an Authority who can deliver.

### **Best Consideration**

Under Section 123 of the Local Government Act 1972 the Council's freedom to dispose of its own land as it wishes is qualified and, in the current case, the effect of this is that the consideration is required to be the best that can reasonably be obtained. Following the OJEU process after the Part II Cabinet decision on 30 September 2008 has enabled this duty to be discharged.