

# Executive Decision Report

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## **Friars Mill Workspace**

Decision to be taken by: City Mayor

Decision to be taken on: 8 January 2014

Lead director: Andrew L Smith

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**City Mayor**

## **Useful information**

- Ward(s) affected: Abbey
- Report author: David Beale
- Author contact details: 0116 454 2904
- Report version number: V1

### **1. Summary**

This report considers progress on the restoration and re-use proposals for Friars Mill and seeks approval to agree an ERDF funding offer, confirm match funding and deliver the project.

### **2. Recommendations**

The City Mayor is asked to:

- (1) Agree that the Council may enter into a formal funding agreement with DCLG for up to £3.96M ERDF grant.
- (2) Confirm the Council's match-funding contribution of up to £2.55M, funded from resources set aside for the second phase of the Economic Action Plan.
- (3) Add the scheme to the Capital Programme
- (4) Delegate authority to the Director of Planning Transportation and Economic Development to retain the existing design team for delivery of the scheme and to award a construction contract to the most economically advantageous tender.

### **3. Supporting information including options considered:**

The Council acquired Friars Mill at the end of 2012 to protect the future of this important heritage and regeneration asset following a serious fire.

A feasibility study was commissioned to consider future uses of the site and buildings which concluded a commercial use (including managed workspace) was the best prospect for early reuse of the existing buildings. A subsequent demand study confirmed there was a strategic gap in the Council's portfolio of managed workspaces for larger 'grow-on' units.

#### **ERDF Bid and Funding**

The studies above formed the rationale for a bid for ERDF funding, to restore and convert the existing buildings into a managed workspace facility for growing companies.

The Council received a formal offer of £3,961,920 grant for this project on 3<sup>rd</sup> December, approximately 62% of the total estimated project costs. The offer is conditional on the grant of Listed Building Consent and entering into a formal funding agreement, including confirmation of the Council's match funding contribution, which is proposed to be £2.55M funded from resources set aside for the second phase of the Economic Action Plan. The final planned costs will be known once tenders have been returned and a contract awarded.

### **Planning**

Planning and Listed Building Consent applications were lodged for this scheme and planning consent was approved on 7<sup>th</sup> November. The Secretary of State for Culture Media and Sport Listed Building Consent is pending.

### **The Scheme**

The scheme will provide 1,670sqm of lettable floor space in 15 workspace units. In addition a range of meeting rooms and other communal spaces are proposed. These will be contained within the existing buildings.

### **Programme**

It is anticipated that subject to appointment and negotiation with a main contractor a start on-site may be made in Summer 2014 and that the project should be complete by September 2015.

### **Management**

As a consequence of recent European case law (the *Leipzig Halle* case) the Council may not run this facility itself as the existing facilities are. Instead, the opportunity to become the operating company must be put to a competitive tender process. Procurement of an operating company will run in parallel with construction works to ensure the site is open and trading as soon as the buildings reach completion.

### **On-going Revenue Costs**

It is envisaged that the workspace will become self-financing on an ongoing basis. The detailed funding model will become clearer as the management arrangements are progressed.

## **4. Details of Scrutiny**

The Economic Development Transport and Tourism Scrutiny Commission received an update on the Economic Action Plan on 9<sup>th</sup> October 2013. This update considered proposals and progress of the Friars Mill Workspace project.

## **5. Financial, legal and other implications**

### 5.1 Financial implications

The projected pre-tender cost of the proposed scheme is £6.51M to be funded from resources set aside for the second phase of the Economic Action Plan (of £2.55M) and ERDF Grant (of up to £3.96M). It is anticipated that the workspace will become self-financing in revenue terms.

Colin Sharpe Head of Finance, ext 37 4081

### 5.2 Legal implications

Legal advice is being taken by client officers with regard to this project and they should continue to do so, in respect of the ERDF funding terms and conditions, the

procurement of (1) works and (2) facilities management, space letting and business services through an operating company and any on-going procurement and property law advice.

Greg Surtees –Solicitor (Commercial & Contracts) – ext. 37 1421

### 5.3 Climate Change and Carbon Reduction implications

The climate change impacts of retrofitting buildings are significant but can be greatly reduced by incorporating sustainable building practices from the early stages of a building project. Concerning recommendation (3) it would be advisable to consider sustainability issues within the tender process as well as economic issues. The Environment team can advise on developing projects within environmental guidelines and aspiring to reach targets such as BREEAM. The Environment team should be consulted at the development stage of any new building project to ensure that sustainability issues have been considered.

Chloe Hardisty, Senior Environmental Consultant, Ext 372252

### 5.4 Equality Impact Assessment

An equality Impact assessment has not been undertaken. This will be prepared as part of the next phase of the project.

### 5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

### **6. Background information and other papers:**

None.

### **7. Summary of appendices:**

None

### **8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

### **9. Is this a “key decision”?**

Yes

**10. If a key decision please explain reason**

Capital expenditure of over £1 million is to be committed on a scheme that has not been specifically authorised by Council.