



**Report to: Cabinet**

**Subject: Arnold Town Centre Masterplan**

**Date: 10 July 2008**

**Author: Deputy Chief Executive**

## **1. PURPOSE OF THE REPORT**

To agree the appointment of legal and property advisers to assist with progressing re-development of Arnold Town Centre. In doing so, that Council prioritises continued financial support for the scheme.

## **2. BACKGROUND**

At the Cabinet meeting held on 21 February 2008, it was agreed to seek expressions of interest from specialist legal and property advisers to support the Council on the next phase of work associated with the proposed re-development of Arnold Town Centre.

Nottingham Regeneration Limited (NRL) were retained to manage the tendering exercise and 8 property advisers and 4 legal advisers submitted tenders.

A total of 4 companies were shortlisted for interview and each of them had a strong track record in delivering town centre re-development schemes.

The specific role of the advisers will, amongst other things, include:

- Appraising development options and assisting the Council to firm up a cost effective and marketable scheme.
- Assembling the development site, liaising with existing land owners, occupiers and developers and providing assistance with property acquisitions, disposals and compulsory purchase orders, if required.
- Assisting with the selection of a preferred development partner(s) through the preparation of a development brief, advertising for expressions of interest,

providing guidance on procurement and assistance with preparing Development and Indemnity Agreements.

On 13 June, the following selection panel was convened to interview short-listed candidates and the panel was unanimous in its decision to offer the property and legal advisory roles to CBRE and Freeth Cartwright respectively:-

Councillor Richard Nicholson  
Deputy Chief Executive  
Head of Planning and Environment  
Head of Corporate Services  
Head of Democratic and Community Services  
Mona Walsh, Nottingham Regeneration Limited

### **3. PROPOSALS**

It is proposed to appoint Freeth Cartwright as legal advisers and CBRE as property advisers to support the Council in taking forward the re-development of Arnold Town Centre.

It is also proposed to continue to engage project management support from NRL in view of the scale and complexity of this scheme and the lack of in-house capacity and experience.

### **4. RESOURCES**

The complexity of town centre re-development schemes makes it difficult to be precise about how much funding to set aside for external advice and when exactly it will be needed. For example, the amount of work involved in potential land disposals and acquisitions is hard to quantify at this stage.

In order to provide as much certainty about costs as possible, tenderers were asked to provide fixed or capped fees. In the case of legal advice, the successful tenderer has quoted the lesser amount of actual hours worked with a fee cap of £275,000 for a two year period of appointment (excluding any work associated with judicial review).

CBRE property advisers submitted a combination of fixed and capped fees and discounted hourly rates up to the point of selecting a developer and excluding third party negotiations.

In addition to engaging external property and legal advisers, it is considered necessary to retain the project management support of NRL. NRL have extensive experience in managing similar schemes and are currently advising Broxtowe Borough Council on the re-development of Beeston Town Centre. It is anticipated that NRL's support will be in the region of 6 days a month and include

client management of the legal and property advisers to ensure maximum value for money to the Council.

Following the recent tendering exercise, the estimated costs of progressing the project to the point of selecting a preferred developer are £392,000.

£100,000 has already been allocated to support the project and this will be sufficient to defray any expenditure in 2008/2009. Members are asked to consider the additional resources required for this scheme and confirm their commitment to the development. Future revenue funding is not currently provided for in the Council's Medium Term Financial Plan, therefore, if the scheme is to be progressed, additional funding of up to £292,000 will be allocated to the base budgets for 2009/10 and 2010/11 respectively.

The development of Arnold Town Centre, as well as having a significant economic development impact, should give rise to the Council receiving a net capital receipt as it is one of the major land owners on the proposed site.

Funding for additional expenditure in the Medium Term Financial Plan would be required and Members should note this could impact on the taxpayer. Members will be aware that the Council has received a Local Authority Business Growth Incentive (LABGI) grant in the past and CSR2007 did provide for the potential of future LABGI grant being made available to Local Government (although at much reduced sums). It is considered prudent, therefore, if this scheme is to be continued that any future LABGI grant be utilised to fund this scheme to minimise any call on the taxpayer

## **5. RECOMMENDATIONS**

Cabinet is recommended to:

- i) agree the appointment of external advisers as set out in the report;
- ii) to note the additional resources and funding required in the future base budgets
- iii) request Council to prioritise continued financial support for the scheme when considering 2009/10 and 2010/11 budgets.