
FAVERDALE EAST BUSINESS PARK

**Responsible Cabinet Member(s) - Councillor David Lyonette,
Regeneration and Planning Portfolio**

Responsible Director(s) - John Buxton, Director of Development and Environment

Purpose of Report

1. To provide details of the Faverdale East Business Park scheme and the reasons for carrying out further infrastructure works.
2. To seek agreement from Council:
 - (a) To complete the introduction of infrastructure and services at Faverdale East Business Park (FEBP) by waiving Contract Procedure Rules in relation to extending contracts in order to achieve significant savings to the public sector.
 - (b) To extend the marketing agreement with Donaldsons to act for the Council to attract occupiers to the FEBP site.

Information and Analysis

3. This report was considered by Cabinet on 16 November 2004 and has been referred by Cabinet to Council. Commercially sensitive information in support of that Cabinet decision was in a report on Part III of that Cabinet agenda.

Background

4. The Donaldsons Darlington Gateway Development Framework (January 2003) as part of the Tees Valley Vision undertook a market assessment and economic appraisal of Darlington and recommended public sector investment and intervention towards the following sites:
 - (a) Faverdale
 - (b) Haughton Road
 - (c) Darlington Great Park
5. The report concluded that Darlington was an attractive town which could attract more development, and that future development should concentrate upon B1/Office development as a service centre and industrial warehousing development on the western edge of the town at Faverdale.

6. The FEBP scheme was established to open up 10.8ha of employment land, which is owned by Darlington Borough Council, to meet market demand over the next 7 years. This scheme can accommodate 31,500m² of premises and is forecast to provide 883 jobs.
7. In February 2004 the Tender Panel approved tenders for the main infrastructure works and main access road (SO1) in to the business park. (Refer **Appendix One** for the location of the roads SO1 – SO4). The contract for these works was awarded to Hall Construction Ltd.
8. Phase One (SO1 & infrastructure) works saw the introduction of the infrastructure to the site including roads (SO1), mains utilities, environmental mitigation and limited landscaping. Costs included all associated professional fees.
9. The current scheme has expended £1.24 million met by £756,000 of Single Programme, £311,000 of European Regional Development Funding (ERDF) and £170,000 Darlington Borough Council capital programme funding. (Refer to paragraph 23 for further information.)
10. In March 2004, negotiations between Argos and Darlington Borough Council commenced which led to the submission and subsequent approval, in June 2004, of a detailed planning application by Argos for a regional distribution centre on Phase Two of the FEBP site, with access via Phase One.
11. Argos required the first access road (SO1) to be upgraded to meet the vehicle movements which their development would generate. The upgrade has been incorporated into the current works and will be funded from the Argos land value.
12. To complete the roads and other infrastructure, public sector funding has been identified and, in a pragmatic approach to save money, it is proposed to extend the Hall Construction Ltd contract to construct the SO4 road and complete associated capital works in accordance with the scheme's approved drawings and specification (as used for SO1) thus saving on procurement and mobilisation costs. Additionally, it is proposed to extend the Billingham George Partners (BGP) contract to project manage this work, thus saving on procurement costs.
13. Hall Construction Ltd has costed the construction of SO4. This cost is a lump-sum cost and is valid until 31st March 2005 on the understanding that work is completed by this date. The costs includes:
 - (a) Site preparation
 - (b) Landscaping / Environmental Matters & Mitigation
 - (c) Site Management / Professional Fees

Cost savings and benefits of procurement via Hall Construction Ltd

14. The total amount of anticipated savings is **£36,810**.

15. In addition to these savings, earlier site development ensures earlier site completion. This will positively impact on the Council's ability to market the site and the revenue implications associated with this. The provision of this road and services to the full site will increase the value of the Council's land.
16. BGP has costed their project management of SO4 construction.
17. Costs provided by BGP are valid until 31 March 2005 and include Project Management / Professional Fees and SO4 additional design works.

Funding

18. In order to progress Phase One SO4 construction the scheme requires £645,000. It is proposed that this cost be funded by the following monies:
 - (a) £433,500 Single Programme
 - (b) £144,500 ERDF (25% of the total eligible costs)
 - (c) £40,000 From The Council's Capital Programme
 - (d) £27,000 From Economic Regeneration Industrial Estates budget
19. Single Programme and ERDF monies have been confirmed. ERDF funding is available for spend from 1st January 2005, whilst Single Programme funding is available for spend from 1st April 2005. ERDF and Single Programme administrators have confirmed their approval for Darlington Borough Council to commence works of Phase One SO4 in advance of previously agreed start dates. Council funds are required to cover costs ineligible from external funds such as contingencies or Argos related costs etc.

Marketing

20. In August 2002 (Minute no C78) Cabinet agreed for the Council to undertake a marketing exercise to ascertain the level of private sector interest at Faverdale. After competitive tendering Donaldsons were appointed to undertake a national marketing exercise, prepare design and planning brief for Faverdale, marketing materials, signage and provide development evaluation advice for the Council.
21. This work has been undertaken from February 2003 to date. A potential preferred developer has been identified, however, the advent of the Argos development within an earlier than anticipated Phase Two has led to protracted negotiations with the preferred developer. The Council requires the continued services of Donaldsons to complete negotiations with the preferred developer and for marketing of Faverdale, development advice, promotional and development recommendations to the Council. The cost would not exceed £24,000.

Financial Implications

22. The scheme has been costed at £2million and is funded through Single Programme, (£1.2million,) European Regional Development Fund (£456,000) and Darlington Borough Council. The scheme is divided in to two phases:

- (a) Phase One – SO1 & infrastructure works confirmed spend at £1.244million including a capital contribution of £170,000 by Darlington Borough Council.
 - (b) Phase One – SO4 & completion works anticipated spend of £645,000 with a request for capital contribution of £40,000 from the Council's Capital Programme.
23. This request for funding can be accommodated with the Council's overall Capital Programme but clearly the release of these funds will reduce available resources for next years Capital Programme.

Outcome of Consultation

24. Early commencement of 2005/06 spend has been discussed and approved by the scheme's external funders.

Legal Implications

25. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

26. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

27. The issues contained within this report are required to be considered by Council because they involve waiving the Control Procedure Rules.
28. The development of Faverdale East is cited within;
- (a) The Darlington Economic Regeneration Strategy
 - (b) The Darlington Community Strategy
 - (c) Darlington Gateway Development Framework (Donaldsons Jan 2003)
 - (d) The Borough of Darlington Local Plan (November 1997 incorporating Adopted Alterations September 2001) - Policies: EP2, EP3, EP6 & EP7

Recommendation

29. Council are requested to:

- (a) Approve expenditure of £645,000, including £40,000 from the Council's Capital Programme, for the FEBP Phase 1 (SO4 & completion works) scheme.
- (b) Waive Contract Procedure Rules and to approve the procurement of Hall Construction Ltd and BGP to complete all works associated with the construction of SO4.
- (c) Waive Contract Procedure Rules and to approve the procurement of Donaldsons, until December 2005, to enable the Phase One marketing of FEBP site.

Reasons

30. The recommendations are supported by the following reasons:-

- (a) To enable FEBP scheme to proceed with Phase One SO4 construction and environmental landscaping works, therefore expending £645,000 of 2005/06 funding.
- (b) To enable the Council to maximise the amount of external funding available to the Borough by saving monies through the procurement of Hall Construction Ltd and BGP to complete SO4 associated works.
- (c) To encourage inward investment by new companies in the Borough.

John Buxton
Director of Development and Environment

Background Papers

- (i) Previous Council Reports: 5 December 2002, 10 March 2004
- (ii) Previous Cabinet Reports: 11 February 2003, 4 November 2003
- (iii) Previous Tender Report: 23 February 2004

Richard Alty : Extension 2946