

Recommendation from Cabinet – 28th May 2020 – Horizon 120 – Infrastructure - PUBLIC		Agenda No:
Portfolio	Corporate Transformation	
Corporate Outcome:	A sustainable environment and a great place to live, work and play	
	A prosperous district that attracts business growth and provides high quality employment opportunities	
Report presented by:	Councillor John McKee, Cabinet Member for Corporate Transformation	
Report prepared by:	Chloe Waight, Governance Business Officer	
Background Papers:	Public Report	
Public and Private Reports and Minutes of Cabinet:- 11th February 2019 2nd December 2019	Key Decision: No	
Public and Private Reports and Minute of Full Council 25th February 2019 22nd July 2019		
Reports and Minutes of Cabinet – 28th May 2020		
DRAFT MINUTE EXTRACT		
CABINET – 28TH MAY 2020		
6	<u>HORIZON 120 - INFRASTRUCTURE – PUBLIC</u>	
	INFORMATION: Members were reminded that this Item was linked to Item 9a in the Private Session of the Agenda, and that if any Member wished to refer to the private information contained within the report for that Item, it would be necessary for the meeting to be moved into Private Session.	
	INFORMATION: Consideration was given to a report detailing the cost of the Horizon 120 development site in Great Notley.	
	Members were reminded that this site was originally allocated in the Local Plan over a decade ago, to be developed as a site for jobs in the District alongside Notely Garden Village residential site on the opposing side of the A131. A private developer was unwilling or unable to proceed and the jobs alongside housing were not delivered. The District Council now had both the opportunity and responsibility to recognise the potential of Horizon 120, achieving what the private	

sector, working alone, failed to deliver over the preceding 10 years. The proposals were consistent with the agreed vision but required decisions that were beyond the delegated authorities approved in July and December 2019 and the purpose of this report was to make specific recommendations and to seek further delegated authority in order to expedite effective governance and decision making while minimising delay.

Members were informed that further to previous reports, a Local Development Order (LDO) had now been finalised and adopted; earthworks had commenced and the land transaction, authorised by Cabinet on 2nd December 2019, had been completed.

It was reported that prior to the Covid-19 crisis, five companies had agreed terms for bespoke buildings, providing over two hundred thousand square feet on seventeen acres. Unfortunately, since that time, one company had withdrawn. The remaining four companies were committed and would require buildings to be delivered within the next 18 months. The current requirements would utilise approximately twelve acres.

The development was being actively marketed by two local agents and via a website which was being updated monthly. Enquiries were still being generated albeit at a reduced level during the lockdown period. It was noted that no interest has been received from hotel operators. The hotel sector was likely to be one of the worst affected by the Covid-19 crisis and one of the last to recover. It was therefore unlikely that hotel interest, in the development, would be secured in the short or medium term.

Members were advised that the earthworks were being undertaken by Balfour Beatty and this had commenced on site. These works included profiling the site to allow a gradient from the southeast corner to the northwest corner, or Zone D, where a new attenuation pond, and wildlife habitat, was being created. The earthworks contract also included the creation of a new highways junction, on the southern boundary, which would serve the Gridserve development. The electric forecourt was originally expected to be open for business at the end of June 2020 but this was likely to be delayed until September 2020.

Balfour Beatty had completed the detailed technical design and were now seeking at least three tenders for each of a range of sub-contract packages. They had also now obtained quotations for connections for the utilities on site. Surface water drainage was being managed on-site by a system of swales connecting to a storm water drain, which would discharge into the new attenuation pond, in the northwest corner.

Members were advised that the infrastructure required on site was being procured in 3 stages, and detailed of this could be found in the report.

The Council had considered a number of options and the Cabinet Member highlighted the following 3 options;

- It was a planning condition that the new pond, in Zone D, was created and landscaped as soon as possible to allow removal of the existing pond, on the southern boundary. Removal of this latter pond was required to create the southern highways junction.

- Partial completion would require additional expenditure, in the future, to meet the cost of remobilisation by a contractor and as a result of construction cost inflation. Partial completion was likely to be subject to delay as it may require a new procurement process as Balfour Beatty were unlikely to be cost effective for smaller contracts.
- The four businesses, currently planning to relocate to Horizon 120, were subject to lease expiry on their current premises. If they did not have confidence in delivery, it would be in their best interest to seek other alternatives.

The Cabinet Member made reference to a number of risks which can be found in the main report.

Members were reminded that Full Council had received a business case for Horizon 120 at its meeting held on 19th February 2019. A capital budget was approved to progress a phased delivery of infrastructure works, having completed the relevant land acquisitions. The business plan was reviewed and reported to Full Council on 22nd July 2019, where an increase in the capital budget for infrastructure was approved, this included provision for a second access to the site.

The Council had now received updated cost estimates provided by Balfour Beatty, which had taken into account proposals to increase the scope of infrastructure works and to complete them as a single phase. A review of all other professional and other fees had also been undertaken, along with a revised cash flow.

Members were also advised that financing costs had increased overall due to a combination of earlier and higher expenditure coupled with re-profiling of serviced land sales and market value assumptions. The Project Director had advised that there was potential for costs to be reduced through tendered sub-contractor works; however, there were also risks from increased costs on utilities. The assumption by the Project Director at this stage was that these were likely to be outweighed by the expected reduction in the feasibility estimate.

DECISION:

That Cabinet approved:

1. The infrastructure works contract to be procured through the Scape Group Framework, subject to approval being obtained from Council.
2. That the Corporate Director (Growth), in consultation with the Corporate Director (Finance), award the infrastructure works contract at the completion of the procurement process.
3. That Cabinet recommends to Full Council that the scheme budget, for Horizon 120, be increased.

REASON FOR DECISION: The purpose of the recommended decision is:

- To enable the infrastructure works to be completed in one phase; and
- Allow for a constructor to be procured through the appropriate route to ensure that the scheme proceeds in accordance with the project timescales.

DECISION: That, under Section 100(A)(4) of the Local Government Act 1972 the public and press be excluded from the meeting to consider the private report under Agenda Item 9a and for the private report to remain private on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12 of the Act.

Recommended Decision:

That Council approves the scheme budget for Horizon 120 to be increased.

Purpose of Decision:

The purpose of the recommended decision is:

- To enable the infrastructure works to be completed in one phase; and
- Allow for a constructor to be procured through the appropriate route to ensure that the scheme proceeds in accordance with the project timescales.