



Derby City Council

**Corporate Scrutiny and Climate Change Board**  
**24 March 2014**

**ITEM 8**

Report of the Chief Executive's Office

## **Osmaston Regeneration Partnership - update**

### **SUMMARY**

- 1.1 On 14th August 2013, Members agreed: "To delegate authority to the Chief Executive, following consultation with the Leader of the Council and the Strategic Director of Resources, to finalise details relating to the structure and operation of the Joint Venture Vehicle, and the associated legal documentation."
- 1.2 At the 27 January 2014 meeting of the Corporate Scrutiny and Climate Change Board, members requested a report on the Osmaston Regeneration Partnership to be brought to the next meeting.
- 1.3 The purpose of this report is to provide an update to Members on the progress of the establishment of the Osmaston Regeneration Partnership, and to provide detail on the specific elements of the legal documentation relating to the Partnership.
- 1.4 Further updates will be provided to Council Cabinet in relation to the transfer of Rolls Royce land holdings to the Council for inclusion in the Osmaston Regeneration Partnership Joint Venture Vehicle.

### **RECOMMENDATION**

- 2.1 To note the contents of this report as an update on the current position in relation to the Osmaston Regeneration Partnership and make any comments and appropriate recommendations.

### **REASONS FOR RECOMMENDATION**

- 3.1 To ensure that the board is kept updated on the Osmaston Regeneration Partnership as requested.

### **SUPPORTING INFORMATION**

#### 4.1 Previous approvals

On 22<sup>nd</sup> November 2011, Members approved the commencement of a EU compliant procurement process to appoint a delivery partner to support the regeneration of Osmaston.

The procurement strategy originally outlined in the report of 22<sup>nd</sup> November 2011 detailed 4 steps.

Step 1 – Preparation

Step 2 – Collaboration agreement with Rolls Royce

Step 3 – Procurement – competitive dialogue

Step 4 – The proposal “Delivery Partner Joint Venture Agreement”

Progress to the completion of step 3 was approved by Members on 14<sup>th</sup> August 2013. The project has now reached the conclusion of the 4<sup>th</sup> step.

Details of the stages are provided in Appendix 3.

#### 4.2 Progress since previous approvals

##### The establishment of the Joint Venture Vehicle and the Members Agreement

The Joint Venture Vehicle will be known as the Osmaston Regeneration Partnership, and will be formed via a Members Agreement, with the Members being the Council and Keepmoat Homes.

The detail of the Members Agreement has been negotiated between the parties, and a conditional exchange has taken place. The completion is conditional upon Rolls Royce agreeing the detail relating to the transfer of their land to the Council. A further update will be provided to Members in relation to this. In addition to this, the Osmaston Regeneration Partnership must be registered as a legal entity. This process is complete.

The purpose of the Members Agreement is to establish a company to deliver the regeneration in Osmaston, including the remediation and redevelopment of the land to be transferred by Rolls Royce. A red line of the Osmaston Regeneration Partnership Area is included in appendix 2.

The Members Agreement incorporates all of the key points raised in the ‘Step 4’ bullet points in appendix 3. In addition, the Osmaston Regeneration Partnership will be given exclusivity for all works on Council owned land and property within the Regeneration Area, dependant upon value for money measures and the agreement of the Osmaston Regeneration Partnership Board.

##### Profits

Profits above agreed Developer profit will be split 50/50 and the Council’s share of this profit will be reinvested into the Osmaston regeneration.

## Risk

Risk will be shared 50/50 between the Council and Keepmoat, unless passed to a third party through a contractual arrangement.

## The Development Agreement

The Development Agreement is a contract between The Council and the Osmaston Regeneration Partnership. The purpose of the Development Agreement is to ensure that the Osmaston Regeneration Partnership deliver the regeneration across Osmaston as required by the Council.

### The Developer

In previous reports to cabinet, it was anticipated the Keepmoat would take the Developer role. However, the 'Developer' will now be the Osmaston Regeneration Partnership, who will appoint Keepmoat, where appropriate, as the Contractor for phases of the regeneration.

## 4.7 Board and Steering Groups

The activities of the Osmaston Regeneration Partnership are directed by the Board. The Members of the Partnership are represented by two members on the Board. The Council has selected its representatives to be Cllr Paul Bayliss Leader of the Council and Greg Jennings, Head of Regeneration.

The Board are advised by the Steering Group which consists of two representatives from The Council, Keepmoat, Derby Homes and Osmaston Community Association of Residents (OSCAR).

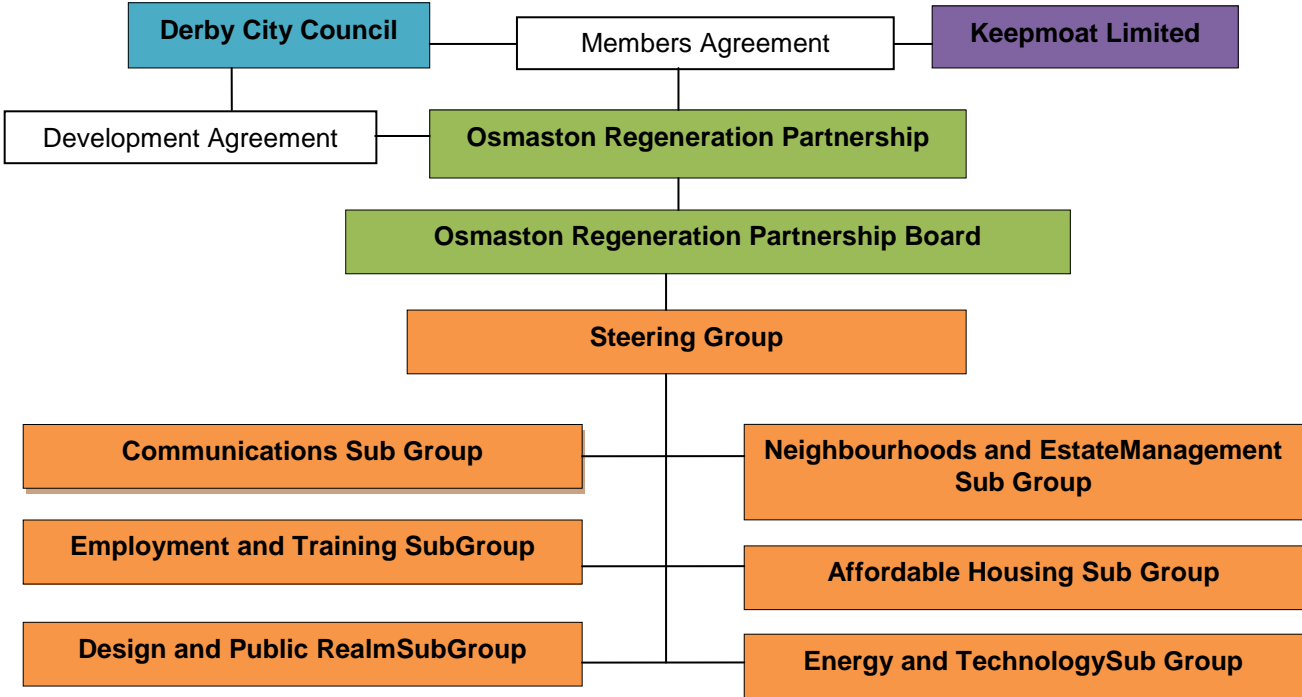
The Steering Group makes recommendations to the Board based upon the activities of the 6 sub groups :

- Affordable Housing
- Neighbourhoods and Estate Management
- Employment and Training
- Communications
- Design and Public Realm
- Energy and Technology

The membership of the sub groups consists of Council Officers, Derby Homes and Keepmoat staff, and OSCAR volunteers. The sub groups are the groups who deliver aspects of the project, and as such the exact membership is flexible. All members of the Steering Group are represented on the sub groups.

The Board will meet quarterly. The Steering Group and Sub Groups will meet monthly. Initial meetings have commenced.

**Structure**



**OTHER OPTIONS CONSIDERED**

5.1 The only change to the content approved in previous approved reports is the Developer role. This role will now be taken by the Osmaston Regeneration Partnership.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Janie Berry  Greg Jennings
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<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Rachel Collins 01332 641616 <a href="mailto:rachel.collins@derby.gov.uk">rachel.collins@derby.gov.uk</a> None Appendix 1 – Implications Appendix 2 – Osmaston Regeneration Area Appendix 3 – Procurement Strategy
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<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 There are no financial implications directly arising from this update report. The financial implications of the Osmaston Regeneration Partnership have been outlined in previous approved reports.

**Legal**

- 2.1 Previous reports approved the production and signing of the documentation relating to the Osmaston Regeneration Partnership.

**Personnel**

- 3.1 None directly arising from this update report.

**Equalities Impact**

- 4.1 None directly arising from this update report.

**Health and Safety**

- 5.1 None directly arising from this update report. Details in relation to the remediation strategy relating to the Rolls Royce land holdings will be provided in future update reports.

**Environmental Sustainability**

- 6.1 None directly arising from this update report.

**Property and Asset Management**

- 7.1 None directly arising from this update report. Details in relation to the transfer of the Rolls Royce land holdings to the Council will be provided in future update reports.

**Risk Management**

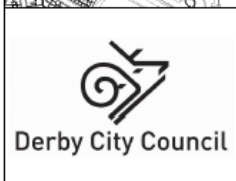
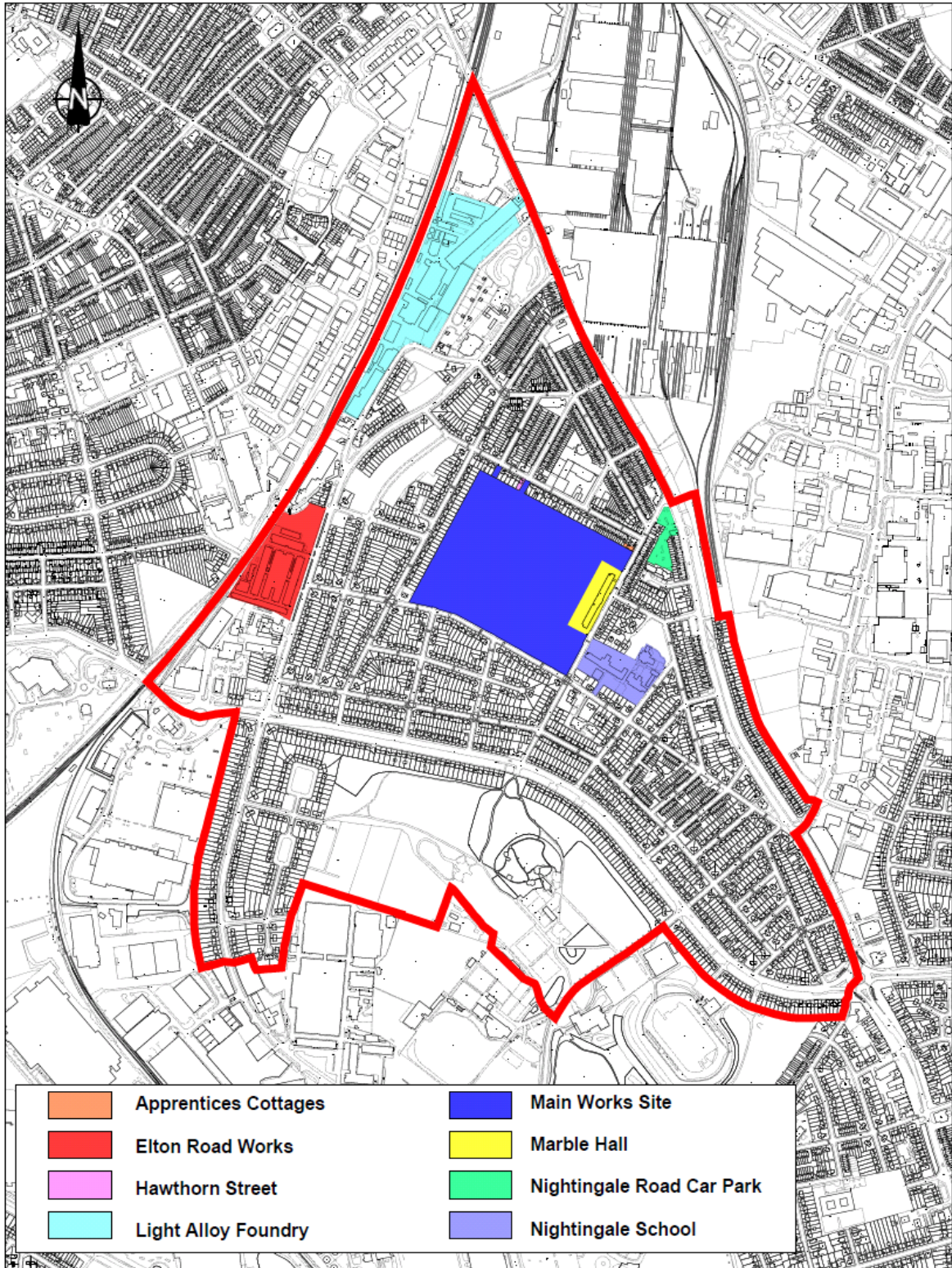
- 8.1 None directly arising from this update report.

**Corporate objectives and priorities for change**

9.1 None directly arising from this update report

**Appendix 2**


**Osmaston Regeneration Area**



### Osmaston Regeneration Area

Scale @ A4

Drawing No:  
Date: 30/01/2014  
Map Scale: 1:10000  
Contact: S Hunter  
Department:  
Regeneration  
Telephone Number: (01332) 293111

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### Procurement approach approved by Members 22<sup>nd</sup> November 2011

#### Procurement Strategy

##### Step 1: Preparation

- Derby City Council completed the preparation of an Investment Prospectus for the 'Osmaston triangle' area in conjunction with Derby Homes and OSCAR, utilising support from HCA and in consultation with Rolls-Royce. This defined the essential and desirable criteria for the regeneration project and acted as the baseline engagement with the Market.
- 'Soft market testing' was undertaken with developers from the HCA delivery framework. This included a Developer's Day and two months of work on costing and scoping potential schemes in the area; including detail on the Main Works Site.

##### Step 2: Collaboration Agreement with Rolls-Royce

- The Council and Rolls-Royce had an equal role in setting the brief for procuring a private sector development partner for the Development Land and to meet the costs of the procurement equally. All claims were based on defrayed costs and any commitment agreed to by both partners to this Agreement.
- The Council took the lead on the practical arrangements (involving Derby Homes) of undertaking a full EU Compliant procurement process.
- Rolls-Royce committed to transfer its redundant land holdings in Osmaston to the Council for a nominal consideration of £1 at the point a Development Partner is appointed. The parties shall review the remediation costs arising out of the Development Partner's proposals jointly in order that the costs of remediation can be established.

##### Step 3: Procurement – completed Subject to Council Cabinet Approval.

- EU Competitive Dialogue procurement to secure a Delivery Partner for the Osmaston Vision.
- Involvement of the HCA, OSCAR, DCC Planning and other internal partners
- There were a number of expressions of interest to be the Delivery Partner and a shortlist of four was selected to be part of the Dialogue process.
- Two tenderers, Keepmoat and Morgan Sindall were invited to submit a final bid.

- The bidder's tenders were subject to a detailed evaluation, by a range of internal and external parties against the following criteria:
  - Financial proposal
  - Legal structure
  - Development quality and functionality
  - Sustainability and development proposal
  - Project delivery

Keepmoat Ltd were selected as the proposed preferred partner due to the nature of their financial proposal and scoring well against the other criteria above. Throughout the Competitive Dialogue process they showed a willingness to engage with all parties to find a sustainable solution.

#### **Step 4: The Proposal**

##### **Delivery Partner Joint Venture Agreement – subject to Council Cabinet Approval**

- A Joint Venture vehicle (JV) to be established via a Members Agreement, to comprise Derby City Council and Keepmoat. The purpose of the JVV being to deliver the regeneration in Osmaston.
- Profits to be shared 50:50 with the JV retaining their share of the profits for the wider benefit of the Osmaston Community.
- Risk to be shared 50:50.
- The Council to appoint the JV to carry out the regeneration of Osmaston via a Development Agreement.
- JV to appoint Keepmoat as Developer, where appropriate to do so.
- A Board to oversee the operation of the JV with equal membership from DCC and Keepmoat.
- A Steering Group with membership from DCC, Keepmoat, OSCAR and Derby Homes to act as a forum and to monitor the performance of the JV.
- A agreed lump sum contribution to be made towards the Regeneration Programme upon the sale of each property.