

Norfolk County Council

Record of Individual Cabinet Member Decision

Responsible Cabinet Member: Cllr Graham Plant
(Deputy Leader and Cabinet Member for Growing the Economy)

1. Background and Purpose:

- 1.1 The offshore energy sector provides Great Yarmouth and Norfolk with arguably the single most important economic opportunity for a generation. Oil and Gas have been a mainstay of the economy for over 50 years and the recent emergence of offshore renewables has presented Great Yarmouth's port, its supply chain, and its skills base with the chance of enjoying hugely significant growth and investment.
- 1.2 The Local Industrial Strategy identifies the energy sector as one of the three most important for Norfolk and Suffolk. One of the principal benefits from offshore renewables investment is the long-term operations and maintenance function. Great Yarmouth already benefits from the presence of several businesses undertaking this work, but research has shown that more can be done to provide the facilities they need.
- 1.3 This project seeks to create an Operations and Maintenance Campus in Great Yarmouth, capitalising on space in Borough Council ownership at the southern tip of the Great Yarmouth South Denes peninsula, which is presently under-utilised. It is the closest port to the Southern North Sea wind farm arrays with access to deep water, as well as the river port. The project will upgrade or enhance facilities through three separate work packages.
- 1.4 The proposed project is a collaboration between Great Yarmouth Borough Council, Norfolk County Council and New Anglia Local Enterprise Partnership (NALEP), who provide governance for the Space to Grow Enterprise Zone (Enterprise Zone) in the borough.
- 1.5 Research has shown it will give Great Yarmouth an asset that will enable the area to rival other parts of the UK and to accelerate the growth already being seen in the energy sector. This project has emerged through strong partnership working and could not have been conceived and developed as far as it has without the support of the New Anglia LEP, Great Yarmouth Borough Council and Norfolk County Council.
- 1.6 The proposal to establish an Operations and Maintenance (O&M) Campus in Great Yarmouth is a bold initiative which has already received very positive feedback from the industry.

2. Current position

- 2.1 The overheated construction market has resulted in a prolonged procurement process.

- 2.2 The county council first sought a contractor via a framework agreement, but after all but one bidder withdrew, the council ceased the procurement exercise.
- 2.3 The Council then advertised an open tender on 11 August 2021. Again, no suitable tender was received.
- 2.3 On 10 February 2022 the Director of Procurement, having consulted the Assistant Director of Governance, terminated the open procurement exercise.
- 2.4 On the same date the Head of Paid Service agreed that the council should use the negotiated procedure under regulation 32(2) of the Public Contracts Regulations 2015, initially negotiating with Tilbury Douglas ("TD") who submitted the highest-scoring tender in the open procedure.
- 2.5 There was a protracted period during which TD was unable to finalise its statutory accounts because, in order to secure its future, it needed to be spun out of its parent, the Interserve Group. A contract could not be awarded to TD during this period of uncertainty.
- 2.6 During this period the Council discussed the project with BAM Nuttall, who are part of the JV constructing the Great Yarmouth Third River Crossing and therefore have a significant presence near to the site. An indicative price was received from BAM, but they declined to submit a formal best and final offer.
- 2.7 Negotiations have therefore continued to obtain a final offer from TD. A price that reflects current market conditions, and the cost of changes to the drainage requirements required by the planners, has now been received. The final price, when adjusted for the drainage requirements, is comparable with the indicative price obtained from BAM Nuttall.

3. Decision now required

- 3.1 This key member decision follows on from a report to Cabinet on 8 March 2021. This report sets out the decisions now required from the Deputy Leader and Cabinet Member for Growing Places, following consultation with the Cabinet Member for Finance, to enable the project to proceed.
 - A. To agree an increase in project overall budget from £18m to £21.4m (an increase of £3.4m since March 2021), in order to award the construction contract. This reflects construction inflation and changes in drainage design required by the planning authority. A recommendation to full council will follow, to increase the capital programme.
 - B. To agree Norfolk County Council borrowing of £11.4m (an increase of £2.4m from the 8 March 2021 Cabinet report). This will be afforded by increasing the Pot B retained Enterprise Zone

business rates percentage from 45% to 60% for the 5-year period 2024-25 to 2028-29. After this 5-year period the percentage would be reviewed with the expectation it would be reduced to 55%, due to the growth of business rates during the period, which are used for loan repayment.

- The £2.4m increase in borrowing will be reclaimed from Pot B future business rates income and £1m increase in investment into the project by Great Yarmouth Borough Council and Norfolk County Council, will meet the £3.4m funding shortfall required in order to award contract.
 - C. To agree Norfolk County Council contribute a £1.5m investment in the project (an increase of £0.5m from the 8 March 2021 Cabinet report) jointly with Great Yarmouth Borough Council also contributing £1.5m (an increase of £0.5m).
 - D. To agree Norfolk County Council temporarily underwrites the shortfall of £3.4m until the formal decisions can be taken by the Great Yarmouth Borough Council and the LEP to increase their contributions. In-principle letters committing to make these decisions in September at the LEP Board and in October at the Great Yarmouth Borough Council Policy & Resources Committee are to be received before the contract award is made.
 - E. To delegate to the Head of Paid Service authority to enter into the contract with TD, subject to:
 - Consultation with the Director of Procurement
 - Norfolk County Council and Great Yarmouth Borough Council entering into a Facility Agreement for the project setting out the financial arrangements before the contract award is made.
 - Receipt of the in-principle letters from the Borough and the LEP
- 3.2 It should be noted, the financial risk sharing arrangements for the project have been agreed between Great Yarmouth Borough Council and Norfolk County Council. Any project overspend will be shared on a 50/50 basis and, in the event of a shortfall in Pot B to service the borrowing costs, this would also be shared on a 50/50 basis. This is documented in a Facility Agreement, to be signed ahead of contract award.
- 3.3 Norfolk County Council's additional £2.4m prudential borrowing, to address the shortfall in budget, will be formalised through a legal agreement with Great Yarmouth Borough Council and New Anglia LEP, with the expectation that this borrowing will be fully repaid from the Great Yarmouth Enterprise Zone Pot B business rates funding.
- 3.4 The partners of the project, Norfolk County Council, Great Yarmouth Borough Council and New Anglia Local Enterprise Partnership, have

agreed to explore other funding sources to address the £3.4m shortfall and will reduce the prudential borrowing and Enterprise Zone Pot B commitment accordingly, should alternative funds become available.

4. Next Steps

4.1 Subject to an approved increase in the project budget, and Facility Agreement in place, the Executive Director for Community and Environment Services will award the construction contract for the Great Yarmouth Operations and Maintenance Campus, in accordance with the requirements of the County Council's Contract Standing Orders a contractor to carry out the infrastructure works and as recommended in the report to Cabinet on 8 March 2021.

4.2 A further project progress update will be brought back to Cabinet.

5. Decision:

This key member decision follows on from a report to Cabinet on 8 March 2021. This report recommends:

- A. To agree an increase in project overall budget from £18m to £21.4m (an increase of £3.4m since March 2021), in order to award the construction contract. This reflects construction inflation and changes in drainage design required by the planning authority. A recommendation to full council will follow, to increase the capital programme.
- B. To agree Norfolk County Council borrowing of £11.4m (an increase of £2.4m from the 8 March 2021 Cabinet report). This will be afforded by increasing the Pot B retained Enterprise Zone business rates percentage from 45% to 60% for the 5-year period 2024-25 to 2028-29. After this 5-year period the percentage would be reviewed with the expectation it would be reduced to 55%, due to the growth of business rates during the period, which are used for loan repayment.
 - The £2.4m increase in borrowing will be reclaimed from Pot B future business rates income and £1m increase in investment into the project by Great Yarmouth Borough Council and Norfolk County Council, will meet the £3.4m funding shortfall required in order to award contract.
- C. To agree Norfolk County Council contribute a £1.5m investment in the project (an increase of £0.5m from the 8 March 2021 Cabinet report) jointly with Great Yarmouth Borough Council also contributing £1.5m (an increase of £0.5m).
- D. To agree Norfolk County Council temporarily underwrites the shortfall of £3.4m until the formal decisions can be taken by the

Great Yarmouth Borough Council and the LEP to increase their contributions. In-principle letters committing to make these decisions in September at the LEP Board and in October at the Great Yarmouth Borough Council Policy & Resources Committee are to be received before the contract award is made.

- E. To delegate to the Head of Paid Service authority to enter into the contract with TD, subject to:
- Consultation with the Director of Procurement
 - Norfolk County Council and Great Yarmouth Borough Council entering into a Facility Agreement for the project setting out the financial arrangements before the contract award is made.
 - Receipt of the in-principle letters from the Borough and the LEP

5.1 Is it a key decision? Yes

5.2 Is it subject to call-in? Yes

5.3 If Yes – the deadline for call-in is: 4pm, Monday 22 August 2022

6. Impact of the Decision:

- 6.1 The proposal is to create an Operations and Maintenance Campus at the southern tip of the South Denes peninsula, close to the outer harbour and river port. This new facility would be enabled through developing brownfield space and reclamation, providing capacity for office, technical areas, and storage but there are currently no specific quayside facilities.
- 6.2 The decision to award the construction contract will enable the works contractor to procure materials and sub-contracts and then commence construction works on site. This will include the enhancement of Berths 1A and 1B, by upgrading the derelict quay pilings and associated works. Works will include 170m of river quay refurbishment and upgrading, a new pontoon and a revised road layout to optimise the land available for development, and associated infrastructure works.
- 6.3 The full build out of the project will create a total of 288,700 sqft of lettable space, of which 162,700 sqft would be office and the remainder would be a mix of internal and external storage space. This could support 650 permanent professional office jobs and associated manual labour roles as demanded for the storage and lay up facilities.
- 6.4 The key impact of the decision will be the creation of a viable, highly attractive location for offshore energy businesses, especially in renewables but not exclusively, who will be able to operate in an optimum location, close to flexible port facilities, and with direct access to the sea.

7. Evidence and reason for the decision:

- 7.1 Without an Individual Member Decision for the increase in project overall budget from £18m to £21.4m (an increase of £3.4m since March 2021), in order to award the construction contract, the project cannot go ahead. The associated benefits will not be realised.
- 7.2 The options presented in the Hatch Regeneris demand and need study that found a strong demand for office and light industrial space, whilst accommodating marine based, technical activities such as berthing and storage, favouring a non-phased development that includes ability to develop warehousing and offices spaces alongside berthing for service operating vessels and crew transfer vessels.
- 7.3 This has been recently reinforced in discussions with companies who were consultees a year ago. They have shown considerable interest in the proposals and have provided a positive projection of demand, which they were pleased to see accord with their initial feedback.
- 7.4 By linking the next commercial phase to refurbished river port facilities, deep water access as well as new pontoons it will place Great Yarmouth at the forefront of being able to attract investment.

8. Alternative options considered and rejected:

- 8.1 To cancel the project. The associated benefits of 650 jobs created and creating an asset in the borough to attract investment into the area will not be realised.
- 8.2 To put the contract back out for procurement. Due to the current market conditions, increasing inflation and increase in costs, such as fuel and materials, a further procurement is likely to increase costs, even if it attracts any bidders, and will result in significant further delays which may jeopardise the search for tenants.

9. Financial, Resource or other implications considered:

- 9.1 The table below details the revised funding for the project.

Table 1: Financial contribution sources

Government Grant 'Getting Building Fund', administered by New Anglia Local Enterprise Partnership	£6m
Norfolk County Council	£1.5m
Great Yarmouth Borough Council	£1.5m
Norfolk Pooled Business Rates Pool	£1m
Norfolk County Council prudential borrowing to be repaid from Great Yarmouth Enterprise Zone Pot B business rates funding	£11.4m
Total funding	£21.4m

- 9.2 Following final prices from the preferred supplier, as part of the procurement process, the project is currently estimated to cost £21.4m. This includes a risk/contingency and inflation allowance which will be refined towards the end of the project delivery schedule.
- 9.3 Financial contributions to deliver the project will be provided from different sources as are set out in 9.1 Table 1. Whilst Norfolk County Council will borrow £11.4m to enable the project to be delivered, the annual repayments of this loan are to be fully met from the Great Yarmouth Enterprise Zone Pot B business rates until 2038.
- 9.4 Whilst a prudent forecast has been made of future business rates for the period to 2038, over such a long period there is the possibility that the level of actual business rates drops below the forecast.
- 9.5 Norfolk County Council's Cabinet in April 2020 agreed to enter into formal joint working arrangements with Great Yarmouth Borough Council over the development of this project. Following discussions, it has been agreed that the financial risk sharing arrangements, regarding any potential project overspend or if there are insufficient business rates in Pot B to meet the loan repayments, will be shared equally between Great Yarmouth Borough Council and Norfolk County Council.
- 9.6 The sharing of rental uplift between Great Yarmouth Borough Council and Norfolk County Council, for the £3m co-investment into the project, has been agreed and documented, in order that both parties are clear on their financial obligations and potential benefits.

10. Risk Implications

- 10.1 If the decision to increase the project budget from £18m to £21.4m cannot be taken and contract awarded in early September, there is a risk of further price increase from delaying the construction programme and also further inflationary costs.
- 10.2 It is to be noted here that the external market is presently fluctuating for labour and prices/availability in procurement of materials, in particular labour, steel and concrete. A risk/contingency and inflation allowance have been included in the project budget in order to help mitigate.
- 10.3 It has been agreed that the financial risk sharing arrangements, regarding any potential project overspend or if there are insufficient business rates in Pot B to meet the loan repayments, will be shared equally between Great Yarmouth Borough Council and Norfolk County Council, through a Facility Agreement
- 10.4 The key risks for the phase 1 programme delivery are summarised below.
- 10.5 Cadent Gas approvals to undertake in-river piling works and highway construction works within close proximity of their intermediate pressure gas main.

10.6 Planning Consent from the Local Planning Authority. A planning decision was granted in December 2021, however consent and any associated conditions require discharge prior to construction or operation of this phase 1 development. Discharge of conditions is due to conclude by 22nd August 2022.

11. Record of any conflict of interest:

None

12. Background documents:

- 08 March 2021 Norfolk County Council Report to Cabinet
- Hatch Regeneris 2018 Demand and Need Study

Date of Decision: 15 August 2022

Publication Date of Decision: 15 August 2022

Signed by Cllr Graham Plant:

I confirm that I have made the decision set out above, for the reasons also set out.



Signed:

Print name: GRAHAM PLANT

Date: 15 AUGUST 2022

16. Accompanying documents:

- Confidential budget breakdown (*exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972*)

Once you have completed your internal department clearance process and obtained agreement of the Cabinet Member, send your completed decision notice together with the report and green form to committees@norfolk.gov.uk

Individual Cabinet Member Decision Report

Item No:

Report Title: Great Yarmouth Operations & Maintenance Campus

Date of Meeting: 15 August 2022

Responsible Cabinet Member: Cllr Graham Plant (Deputy Leader and Cabinet Member for Growing the Economy)

Responsible Director: Tom McCabe Head of Paid Service

Is this a Key Decision? Yes

If this is a Key Decision, date added to the Forward Plan of Key Decisions: "Exception to 28 days notice" published on Friday 5 August. Copy published with this decision for reference.

Executive Summary / Introduction from Cabinet Member

The offshore energy sector provides Great Yarmouth and Norfolk with arguably the single most important economic opportunity for a generation. Oil and Gas have been a mainstay of the economy for over 50 years and the recent emergence of offshore renewables has presented Great Yarmouth's port, its supply chain, and its skills base with the chance of enjoying hugely significant growth and investment.

This project seeks to create an Operations and Maintenance Campus in Great Yarmouth, capitalising on space in Borough Council ownership at the southern tip of the Great Yarmouth South Denes peninsula, which is presently under-utilised. It is the closest port to the Southern North Sea wind farm arrays with access to deep water, as well as the river port. The project will upgrade or enhance facilities through three separate work packages.

Research has shown it will give Great Yarmouth an asset that will enable the area to rival other parts of the UK and to accelerate the growth already being seen in the energy sector. This project has emerged through strong partnership working and could not have been conceived and developed as far as it has without the support of the New Anglia LEP, Great Yarmouth Borough Council and Norfolk County Council.

This key member decision follows on from a report to Cabinet on 8 March 2021. This report sets out the decisions now required from the Deputy Leader and Cabinet

Member for Growing Places, following consultation with the Cabinet Member for Finance, to enable the project to proceed.

Recommendations:

1. To agree an increase in project overall budget from £18m to £21.4m (an increase of £3.4m since March 2021), in order to award the construction contract. This reflects construction inflation and changes in drainage design required by the planning authority. A recommendation to full council will follow, to increase the capital programme.
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5. To delegate to the Head of Paid Service authority to enter into the contract with TD, subject to:
 - a. Consultation with the Director of Procurement
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1. Background and Purpose

- 1.1 The offshore energy sector provides Great Yarmouth and Norfolk with arguably the single most important economic opportunity for a generation. Oil and Gas have been a mainstay of the economy for over 50 years and the recent emergence of offshore renewables has presented Great Yarmouth's port, its supply chain, and its skills base with the chance of enjoying hugely significant growth and investment.
- 1.2 The Local Industrial Strategy identifies the energy sector as one of the three most important for Norfolk and Suffolk. One of the principal benefits from offshore renewables investment is the long-term operations and maintenance function. Great Yarmouth already benefits from the presence of several businesses undertaking this work, but research has shown that more can be done to provide the facilities they need.
- 1.3 This project seeks to create an Operations and Maintenance Campus in Great Yarmouth, capitalising on space in Borough Council ownership at the southern tip of the Great Yarmouth South Denes peninsula, which is presently under-utilised. It is the closest port to the Southern North Sea wind farm arrays with access to deep water, as well as the river port. The project will upgrade or enhance facilities through three separate work packages.
- 1.4 The proposed project is a collaboration between Great Yarmouth Borough Council, Norfolk County Council and New Anglia Local Enterprise Partnership (NALEP), who provide governance for the Space to Grow Enterprise Zone (Enterprise Zone) in the borough.
- 1.5 Research has shown it will give Great Yarmouth an asset that will enable the area to rival other parts of the UK and to accelerate the growth already being seen in the energy sector. This project has emerged through strong partnership working and could not have been conceived and developed as far as it has without the support of the New Anglia LEP, Great Yarmouth Borough Council and Norfolk County Council.
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2. Current position

- 2.1 The overheated construction market has resulted in a prolonged procurement process.
- 2.2 The county council first sought a contractor via a framework agreement, but after all but one bidder withdrew, the council ceased the procurement exercise.

- 2.3 The Council then advertised an open tender on 11 August 2021. Again, no suitable tender was received.
- 2.3 On 10 February 2022 the Director of Procurement, having consulted the Assistant Director of Governance, terminated the open procurement exercise.
- 2.4 On the same date the Head of Paid Service agreed that the council should use the negotiated procedure under regulation 32(2) of the Public Contracts Regulations 2015, initially negotiating with Tilbury Douglas ("TD") who submitted the highest-scoring tender in the open procedure.
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3. Decision now required

- 3.1 This key member decision follows on from a report to Cabinet on 8 March 2021. This report sets out the decisions now required from the Deputy Leader and Cabinet Member for Growing Places, following consultation with the Cabinet Member for Finance, to enable the project to proceed.
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 - 2. To agree Norfolk County Council borrowing of £11.4m (an increase of £2.4m from the 8 March 2021 Cabinet report). This will be afforded by increasing the Pot B retained Enterprise Zone business rates percentage from 45% to 60% for the 5-year period 2024-25 to 2028-29. After this 5-year period the percentage would be reviewed with the expectation it would be reduced to 55%, due to the growth of business rates during the period, which are used for loan repayment.

- The £2.4m increase in borrowing will be reclaimed from Pot B future business rates income and £1m increase in investment into the project by Great Yarmouth Borough Council and Norfolk County Council, will meet the £3.4m funding shortfall required in order to award contract.
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- 4. To agree Norfolk County Council temporarily underwrites the shortfall of £3.4m until the formal decisions can be taken by the Great Yarmouth Borough Council and the LEP to increase their contributions. In-principle letters committing to make these decisions in September at the LEP Board and in October at the Great Yarmouth Borough Council Policy & Resources Committee are to be received before the contract award is made.
- 5. To delegate to the Head of Paid Service authority to enter into the contract with TD, subject to:
 - Consultation with the Director of Procurement
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 - Receipt of the in-principle letters from the Borough and the LEP
- 3.2 It should be noted, the financial risk sharing arrangements for the project have been agreed between Great Yarmouth Borough Council and Norfolk County Council. Any project overspend will be shared on a 50/50 basis and, in the event of a shortfall in Pot B to service the borrowing costs, this would also be shared on a 50/50 basis. This is documented in a Facility Agreement, to be signed ahead of contract award.
- 3.3 Norfolk County Council's additional £2.4m prudential borrowing, to address the shortfall in budget, will be formalised through a legal agreement with Great Yarmouth Borough Council and New Anglia LEP, with the expectation that this borrowing will be fully repaid from the Great Yarmouth Enterprise Zone Pot B business rates funding.
- 3.4 The partners of the project, Norfolk County Council, Great Yarmouth Borough Council and New Anglia Local Enterprise Partnership, have agreed to explore other funding sources to address the £3.4m shortfall and will reduce the prudential borrowing and Enterprise Zone Pot B commitment accordingly, should alternative funds become available.

4. Next Steps

- 4.1 Subject to an approved increase in the project budget, and Facility Agreement in place, the Executive Director for Community and Environment Services will award the construction contract for the Great Yarmouth Operations and Maintenance Campus, in accordance with the requirements of the County Council's Contract Standing Orders a contractor to carry out the infrastructure works and as recommended in the report to Cabinet on 8 March 2021.
- 4.2 A further project progress update will be brought back to Cabinet.

5. Impact of the Proposal

- 5.1 The proposal is to create an Operations and Maintenance Campus at the southern tip of the South Denes peninsula, close to the outer harbour and river port. This new facility would be enabled through developing brownfield space and reclamation, providing capacity for office, technical areas, and storage but there are currently no specific quayside facilities.
- 5.2 The decision to award the construction contract will enable the works contractor to procure materials and sub-contracts and then commence construction works on site. This will include the enhancement of Berths 1A and 1B, by upgrading the derelict quay pilings and associated works. Works will include 170m of river quay refurbishment and upgrading, a new pontoon and a revised road layout to optimise the land available for development, and associated infrastructure works.
- 5.3 The full build out of the project will create a total of 288,700 sqft of lettable space, of which 162,700 sqft would be office and the remainder would be a mix of internal and external storage space. This could support 650 permanent professional office jobs and associated manual labour roles as demanded for the storage and lay up facilities.
- 5.4 The key impact of the decision will be the creation of a viable, highly attractive location for offshore energy businesses, especially in renewables but not exclusively, who will be able to operate in an optimum location, close to flexible port facilities, and with direct access to the sea.

6. Evidence and Reasons for Decision

- 6.1 Without an Individual Member Decision for the increase in project overall budget from £18m to £21.4m (an increase of £3.4m since March 2021), in order to award the construction contract, the project cannot go ahead. The associated benefits will not be realised.
- 6.2 The options presented in the Hatch Regeneris demand and need study that found a strong demand for office and light industrial space, whilst

accommodating marine based, technical activities such as berthing and storage, favouring a non-phased development that includes ability to develop warehousing and offices spaces alongside berthing for service operating vessels and crew transfer vessels.

- 6.3 This has been recently reinforced in discussions with companies who were consultees a year ago. They have shown considerable interest in the proposals and have provided a positive projection of demand, which they were pleased to see accord with their initial feedback.
- 6.4 By linking the next commercial phase to refurbished river port facilities, deep water access as well as new pontoons it will place Great Yarmouth at the forefront of being able to attract investment

7. Alternative Options

- 7.1 To cancel the project. The associated benefits of 650 jobs created and creating an asset in the borough to attract investment into the area will not be realised.
- 7.2 To put the contract back out for procurement. Due to the current market conditions, increasing inflation and increase in costs, such as fuel and materials, a further procurement is likely to increase costs, even if it attracts any bidders, and will result in significant further delays which may jeopardise the search for tenants.

8. Financial Implications

- 8.1 The table below details the revised funding for the project.

Table 1: Financial contribution sources

Government Grant 'Getting Building Fund', administered by New Anglia Local Enterprise Partnership	£6m
Norfolk County Council	£1.5m
Great Yarmouth Borough Council	£1.5m
Norfolk Pooled Business Rates Pool	£1m
Norfolk County Council prudential borrowing to be repaid from Great Yarmouth Enterprise Zone Pot B business rates funding	£11.4m
Total funding	£21.4m

- 8.2 Following final prices from the preferred supplier, as part of the procurement process, the project is currently estimated to cost £21.4m. This includes a

risk/contingency and inflation allowance which will be refined towards the end of the project delivery schedule.

- 8.3 Financial contributions to deliver the project will be provided from different sources as are set out in 9.1 Table 1. Whilst Norfolk County Council will borrow £11.4m to enable the project to be delivered, the annual repayments of this loan are to be fully met from the Great Yarmouth Enterprise Zone Pot B business rates until 2038.
- 8.4 Whilst a prudent forecast has been made of future business rates for the period to 2038, over such a long period there is the possibility that the level of actual business rates drops below the forecast.
- 8.5 Norfolk County Council's Cabinet in April 2020 agreed to enter into formal joint working arrangements with Great Yarmouth Borough Council over the development of this project. Following discussions, it has been agreed that the financial risk sharing arrangements, regarding any potential project overspend or if there are insufficient business rates in Pot B to meet the loan repayments, will be shared equally between Great Yarmouth Borough Council and Norfolk County Council.
- 8.6 The sharing of rental uplift between Great Yarmouth Borough Council and Norfolk County Council, for the £3m co-investment into the project, has been agreed and documented, in order that both parties are clear on their financial obligations and potential benefits.

9. Resource Implications

- 9.1 **Staff:** There are no direct staff implications. The project will fund the NCC project management costs in their entirety and staff will contribute time in overseeing the Governance of the project.

- 9.2 **Property:** There are none

- 9.3 **IT:** There are none

10. Other Implications

- 10.1 **Legal Implications:** To secure Great Yarmouth Borough Council's obligations under a Facility Agreement.

- 10.2 **Human Rights Implications:** None at this stage.

10.3 Equality Impact Assessment (EqIA) (this must be included): an equality impact assessment will be undertaken to inform the public consultation phase and then revised based upon relevant feedback in order to inform subsequent key decision points, to examine how the proposal is likely to impact on people with protected characteristics. The project has the potential to play its part in making Norfolk an accessible county – a priority identified in Together, for Norfolk, the Council's six-year business plan

10.4 Data Protection Impact Assessments (DPIA): None at this stage

10.5 Health and Safety implications (where appropriate): The Head of Health, Safety and Well-being will be consulted to ensure all relevant health and safety matters are considered, including working closely with the port operators and port authority.

10.6 Sustainability implications (where appropriate): This project strongly supports the 'clean growth' section of NALEP Norfolk and Suffolk Economic strategy and 'Better Together for Norfolk'. The County Council's Environment Policy, defines the Councils support for renewable energy generation which this project supports.

10.7 Any Other Implications: None at this stage

11. Risk Implications / Assessment

11.1 If the decision to increase the project budget from £18m to £21.4m cannot be taken and contract awarded in early September, there is a risk of further price increase from delaying the construction programme and also further inflationary costs.

11.2 It is to be noted here that the external market is presently fluctuating for labour and prices/availability in procurement of materials, in particular labour, steel and concrete. A risk/contingency and inflation allowance have been included in the project budget in order to help mitigate.

11.3 It has been agreed that the financial risk sharing arrangements, regarding any potential project overspend or if there are insufficient business rates in Pot B to meet the loan repayments, will be shared equally between Great Yarmouth Borough Council and Norfolk County Council, through a Facility Agreement

11.4 The key risks for the phase 1 programme delivery are summarised below.

11.5 Cadent Gas approvals to undertake in-river piling works and highway construction works within close proximity of their intermediate pressure gas main.

11.6 Planning Consent from the Local Planning Authority. A planning decision was granted in December 2021, however consent and any associated conditions require discharge prior to construction or operation of this phase 1 development. Discharge of conditions is due to conclude by 22nd August 2022.

12. Recommendations

This key member decision follows on from a report to Cabinet on 8 March 2021. This report recommends:

1. To agree an increase in project overall budget from £18m to £21.4m (an increase of £3.4m since March 2021), in order to award the construction contract. This reflects construction inflation and changes in drainage design required by the planning authority. A recommendation to full council will follow, to increase the capital programme.
2. To agree Norfolk County Council borrowing of £11.4m (an increase of £2.4m from the 8 March 2021 Cabinet report). This will be afforded by increasing the Pot B retained Enterprise Zone business rates percentage from 45% to 60% for the 5-year period 2024-25 to 2028-29. After this 5-year period the percentage would be reviewed with the expectation it would be reduced to 55%, due to the growth of business rates during the period, which are used for loan repayment.
 - a. The £2.4m increase in borrowing will be reclaimed from Pot B future business rates income and £1m increase in investment into the project by Great Yarmouth Borough Council and Norfolk County Council, will meet the £3.4m funding shortfall required in order to award contract.
3. To agree Norfolk County Council contribute a £1.5m investment in the project (an increase of £0.5m from the 8 March 2021 Cabinet report) jointly with Great Yarmouth Borough Council also contributing £1.5m (an increase of £0.5m).
4. To agree Norfolk County Council temporarily underwrites the shortfall of £3.4m until the formal decisions can be taken by the Great Yarmouth Borough Council and the LEP to increase their contributions. In-principle letters committing to make these decisions in September at the LEP Board and in October at the Great Yarmouth Borough Council Policy & Resources Committee are to be received before the contract award is made.
5. To delegate to the Head of Paid Service authority to enter into the contract with TD, subject to:
 - a. Consultation with the Director of Procurement

- b. Norfolk County Council and Great Yarmouth Borough Council entering into a Facility Agreement for the project setting out the financial arrangements before the contract award is made.
- c. Receipt of the in-principle letters from the Borough and the LEP

13. Background Papers

13.1 08 March 2021 Norfolk County Council Report to Cabinet

13.2 Hatch Regeneris 2018 Demand and Need Study

Officer Contact

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