



**Report to:** Strategic Policy and Resources Committee

**Subject:** Forthriver Innovation Centre Operator Procurement

**Date:** 19 September 2014

**Reporting Officer:** John McGrillen, Director of Development, ext 3470

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<b>1</b>	<b>Relevant Background Information</b>
1.1	The Forthriver Innovation Centre is a 55,000 sq ft capital build project with 35,000 sq ft nett lettable space located off the Springfield Road. The capital build cost of the Innovation Centre is estimated at £9.1m, with up to 75% of eligible costs to be provided by Invest NI and ERDF programme funding. A letter of offer from Invest NI for their contribution is expected imminently.
1.2	Quantifiable outputs for the project (in-line with the indicative funding letter of offer) include: <ul style="list-style-type: none"> <li>- To support approximately 221 jobs in the ongoing operation of the Innovation Centre</li> <li>- To deliver a suite of collaborative, specific, exemplar business support within the centre</li> <li>- 5 collaborative networks to be support from 2016 onwards.</li> </ul>

<b>2</b>	<b>Key Issues</b>
2.1	In parallel with the capital programme and planning application, officers are preparing documents to commence a competitive dialogue procurement process for the centre operator.
2.2	The operator's roles will include the following: <ul style="list-style-type: none"> <li>- To proactively manage the day to day and strategic activities of the centre</li> <li>- To support the creation of employment opportunities and act as a catalyst for the further economic development and regeneration of the area</li> <li>- To support more business starts and to help existing businesses grow and become more productive</li> <li>- To achieve the maximum occupancy levels</li> <li>- To maintain an attractive and innovative environment to encourage businesses to establish at the centre</li> <li>- To maximise potential tenancy income while fixing rates which are</li> </ul>

	<p>attractive to the target market</p> <ul style="list-style-type: none"> <li>- To provide appropriate levels of assurances to the council regarding the financial performance of the centre, in line with council requirements and those set out in the letter of offer.</li> </ul>
2.3	<p>It is proposed that the tendering for the operator contract is carried out using competitive dialogue method of procurement. This will allow the council to engage with potential operators to maximise the benefits that can be derived from the contract. The competitive dialogue process will inform a contract for services, through which a list of services would be established and the operator would provide costs for the delivery of each. The competitive dialogue process will allow, in particular, a discussion with potential operators regarding the potential regeneration impact of their service delivery, taking account of the need to support economic and social regeneration in this area. The process is likely to take 9-12 months, depending on the number of interested operators.</p>
2.4	<p>No expenditure will be incurred on either the operator contract or the build contract until the letter of offer is in place from Invest NI.</p>

<b>3</b>	<b>Resource Implications</b>
3.1	<p><u>Financial resources</u></p> <ul style="list-style-type: none"> <li>- At SP&amp;R Committee on 22 August it was resolved that £130k of non-recurrent costs associated with the Innovation Centre be financed through in-year reallocations. This entailed £80,000 for specialist legal and procurement advice and £50,000 for sales and marketing activity.</li> <li>- The contract term for the operator will extend beyond April 2015 and hence the procurement is included in the schedule of contracts tabled to Shadow SP&amp;R.</li> </ul>
3.2	<p><u>Human resources</u></p> <ul style="list-style-type: none"> <li>- The procurement process is being directed through Centre Procurement Services. Once appointed, the operator will be accountable to the council through the Economic Development team, and appropriate contract management arrangements will be put in place in order to ensure compliance with the conditions of the letter of offer.</li> </ul>

<b>4</b>	<b>Equality and Good Relations Considerations</b>
4.1	<p>An equality impact assessment is being completed for the project subject to review by the Good Relations Unit.</p>

<b>5</b>	<b>Recommendations</b>
5.1	<p>Members are asked to:</p> <ul style="list-style-type: none"> <li>- Approve the procurement of the operator contract for the innovation centre using the competitive dialogue process, subject to receipt of a letter of offer from Invest NI</li> <li>- Grant delegated authority to the Director of Development to approve the most economically advantageous tender for the contract, subject to a form of contract being drawn up by Legal Services.</li> </ul>

<b>6</b>	<b>Decision Tracking</b>
There is no decision tracking attached to this report.	

<b>7</b>	<b>Key to Abbreviations</b>
ERDF – European Regional Development Fund	