

Body: Cabinet

Date: 21 October 2015

Subject: Devonshire Park redevelopment – forward funding of design work

Report of: Senior Head of Regeneration, Planning and Assets, and Senior Head of Tourism and Enterprise

Ward(s) Meads

Purpose To consider a proposal to mitigate procurement and cost risks by funding some of the design work for the scheme, in advance of the decision by the December 2015 Cabinet to proceed with the overall scheme.

Decision type: Key Decision

Recommendation: **Cabinet is recommended to:**

i) Authorise a variation to the capital programme of £500,000 for continued work on Devonshire Park ahead of the final scheme being brought back to Cabinet in December.

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1.0 Executive summary

- 1.1 This report recommends that funding for some of Stage 4 of the Devonshire Park design works is started before the December Cabinet decision on the overall scheme, in order that the procurement of the main contractor can be managed as effectively as possible. This forward funding will allow the professional team to prepare some of the detailed designs which will be essential part of the tender documents. By advancing the work it will be possible to engage a contractor as early as possible and gain their input into how the project is delivered. This will mitigate risk and encourage the most cost effective tenders.
- 1.2 In advance of a decision on the main project due in December the Council can set aside funding from reserves.

2.0 Proposal

- 2.1 The proposal is to advance fund a total of £498,000 for design and procurement work for the period November to December 2015. This represents some 35% of the total approved Stage 4 fees.
- 2.2 This cost is based on fee rates which the Council tendered previously and has contracted for with Levitt Bernstein (multi-disciplinary design team), Neill Woodger Associates (theatre consultant and acoustician), Huntley Cartwright (quantity surveyor) and Focus (project manager).
- 2.3 The Council can fund this work using the capital programme (revenue) reserve which had a balance of £1.583m as at 31 March 2015.

3.0 Relationship with Corporate Plan and other Council policies

- 3.1 The Devonshire Park scheme is a key Corporate Priority with the objective of creating a cultural destination which is one of the most iconic locations in the South East.

4.0 Consultations and communications

- 4.1 The scheme has been the subject of ongoing consultation with a wide range of partners and stakeholders. The governance structure includes a Partnership Group which includes representatives of the Chamber of Commerce, Conference Bureau, LTA, Historic England and other internal and external stakeholders.
- 4.2 This proposal was discussed and agreed at the 8th September 2015 meeting of the Project Board.

5.0 Business case

- 5.1 A delivery programme for the construction works has been carefully developed to take advantage of the quieter business periods where feasible, to minimise disruption generally, and keep the construction periods as condensed as possible and therefore limit, as much as practicable, the impact on the income generation of the site.
- 5.2 Additionally, the works have been scheduled to take place at the earliest opportunities to minimise the impact of inflation on the project and therefore optimise the budget available.
- 5.3 This careful planning has driven a necessarily tight programme where if certain windows of opportunity are missed they will not recur for 12 months. To de-risk the project where there is opportunity to do so, a schedule of enabling works has been identified to take place during 2016.

5.4 Starting the detailed design work and tender process as early as possible, will position the project in the strongest possible place before commencing the two-stage tender process for the Main Contractor and therefore help secure best value in the procurement process. Experience on other major projects has shown that early engagement with a construction contractor can identify opportunities to reduce programme time and cost and identify risks linked to supply chain and phasing.

6.0 Equality analysis

6.1 An Equality Impact Analysis is being prepared for the report to the December 2015 Cabinet. This report has no direct impact.

7.0 Performance and outcomes

7.1 The Team have considered which elements of Stage 4 work would be beneficial to be brought forward in advance of the Cabinet decision to proceed to Stage 4 in December 2015.

It is considered that:

- approximately 40% of the Stage 4 design work could be completed between November and December;
- the Pre-Qualification process for the Western Cluster and the Devonshire Park Theatre could be prepared and run November – December;
- the Expression of Interest document for the main contractor could be prepared during November and December, ready to be released beginning of January;
- negotiations with the utilities can be progressed, including the key drainage relocation.

7.2 On this basis costs totalling £498,000 have been calculated.

7.3 The key risk associated with bringing these works forward in advance of the December **Cabinet** decision is the potential for any abortive works in the event that the decision in December either halts or significantly changes any part of the scope. However, a proportion of this cost is for essential works that the Council will have to fund should the wider scheme not proceed in its entirety.

8.0 Financial Implications

8.1 The implications of not continuing to work throughout the period between the two Cabinet dates are that there will be a greater cost of the full scheme in time.

8.2. Until the decision on the wider scheme is made the Council will be reducing its available resource by £500,000.

9.0 Legal Implications

- 9.1 The contracts currently in place cover all the professional work up to completion of the project, so it is legally acceptable to bring forward some of the Stage 4 work.
- 9.2 The Council retains the ability to make an informed decision on the main scheme in December.

10.0 Documents and background papers

- The minutes of the Cabinet meetings on:-
 - 20 October 2010
 - 14 December 2011
 - 12 December 2012
 - 16 July 2014
 - 18 March 2015