

# Causeway Coast and Glens Borough Council

**To: Leisure & Development Committee**

**Portstewart Environmental Improvement Scheme**

**11<sup>th</sup> August 2015**

**For Decision**

**Report to Committee**

<b>Linkage to Interim Corporate Plan</b>	
<b>Strategic Themes</b>	Prosperity Health & Wellbeing Cohesive Community
<b>Lead Officer</b>	Paul Beattie – Head of Prosperity and Place Alan Jeffers – Regeneration Manager
<b>Cost: (If applicable)</b>	£14,018.04

**The purpose of this report is to seek approval from Council to progress at risk in completing Stage Three of the Portstewart Environmental Improvement Scheme, and to accept the requests from the Department for Social Development.**

## **Background**

In March 2015 the Causeway Coast and Glens Shadow Council agreed to complete Stage Two, the detailed design stage, of the proposed Portstewart Environmental Improvement Scheme at risk, together with the submission of a full planning application.

It was also highlighted at the March meeting that Council's approval to commence the main contractor tendering process would be requested during the summer 2015.

The estimated project budget remains £1,500,000.

## **Current Project Status**

Stage Two of the scheme will conclude in August 2015. A determination on Council's planning application submitted in May 2015 is also anticipated during August 2015. Council officers are unaware of any impediment to a planning consent at this time.

A third Members' Consultation session was held on 15<sup>th</sup> June 2015 when the detailed design of the scheme was outlined by the consultancy team led by Edmond Shipway LLP.

An Economic Appraisal was submitted to the Department for Social Development (DSD) in June 2015. The Economic Appraisal will be reviewed by economists from both the DSD and Department of Finance and Personnel (DFP) before the DSD can consider issuing a grant offer.

The second Pre-Qualifying Questionnaire process in appointing a main contractor has reduced the selection to a final six candidates.

### **Stage Three: Request for Approval to Tender.**

As outlined in March 2015 Council's approval is requested to proceed with the tender for the main contractor. This process will be 'at risk'. A Tender Report will be tabled for Council's consideration in October 2015 with view to an immediate contract start subject to all statutory approvals and an acceptable Letter of Offer from the DSD being received. The procured fee for the consultancy team to undertake this work is £14,018.04.

### **Requests from the Department for Social Development**

The DSD's urban regeneration functions along with associated funding will transfer to Local Council Authorities in April 2016. Given this context the DSD has requested Council to confirm in writing that it will conclude the scheme at its own cost should the DSD's Letter of Offer expire on 31<sup>st</sup> March 2016 without all the eligible grant monies having been claimed. Effectively this request requires Council to absorb the risk of not having all eligible costs equivalent to the proposed Letter of Offer (£740,000) claimed from the DSD by 31<sup>st</sup> March 2016. To mitigate this risk Council anticipates front-loading the DSD's grant claims with the cost of all relevant materials equivalent to the Letter of Offer (£740,000) by 31<sup>st</sup> December 2015.

The DSD is absorbing the cost of engaging the Central Procurement Directorate in the 2015/16 year. These costs are anticipated to be £10k and should be capitalised as part of the scheme which increases the DSD's contribution to £750,000.

The DSD also requests confirmation in writing that Council will provide funding of £750,000 inclusive of fees, contingencies and optimism bias towards the proposed scheme subject to statutory approvals and grant funding assistance being confirmed. The remainder of funding for the scheme, estimated at £740,000, will be via a grant to Council from the DSD. This provision requires that Council contributes £750,000 to the project. The DSD is satisfied that its grant allocation can be used in full even if there should be a project underspend.

The Portstewart Environmental Improvement Scheme project budget includes a £250,000 allowance to mitigate reasonable risks within the project. The DSD have requested that in the event anticipated costs exceed the total scheme budget (£1,500,000), Council will decide whether to meet the additional cost, revise the scheme or pursue other solutions as required. This request ensures that DSD will not be lobbied for further funding in the event of a cost overrun. Council must address the matter should it arise.

The DSD have requested Council to confirm in writing that it will be required to meet all due maintenance costs, limited to those costs within the Council remit, over the useful economic life of the Portstewart Environmental Improvement Scheme. This request is a confirmation of earlier undertakings and will be included within any Letter of Offer from the DSD.

Subject to planning approval and completion of a satisfactory Economic Appraisal a Letter of Offer is anticipated from the DSD in early September 2015.

### **Recommendations**

**It is recommended that Council:**

- 1. Progress at risk in completing Stage Three of the Portstewart Environmental Improvement Scheme project at a fee cost of £14,018.04 which facilitates production of a Tender Report for Council's consideration in October 2015.**
- 2. Confirms acceptance of the Department for Social Development's requests which require Council:**

**To confirm that it will conclude the scheme at its own cost should the Department's Letter of Offer expire on 31<sup>st</sup> March 2016 without the total eligible amount of grant funding having been claimed.**

- a) To provide £750,000 of funding towards the project thereby matching the proposed Letter of Offer from the Department for Social Development.
- b) To confirm it will absorb all project overrun costs.
- c) To confirm it will absorb all relevant maintenance costs over the scheme's useful economic life.