

<b>Portrush Public Realm Scheme</b>	<b>9<sup>th</sup> May 2017</b>
<b>To: The Leisure and Development Committee For Decision</b>	

<b>Linkage to Council Strategy (2015-19)</b>	
<b>Strategic Theme</b>	Contributing to Prosperity
<b>Outcome</b>	
<b>Lead Officer</b>	Head of Prosperity and Place Regeneration Manager
<b>Cost: (If applicable)</b>	N/A

**The purpose of this report is to provide an update for Members on the progress of the scheme to date together with the way forward. There are also a number of associated recommendations for consideration.**

#### **Progress to Date**

Following an extensive consultation process a final scheme design was agreed with the Project Board (including Elected Members) in February 2017. The scheme design was subsequently submitted to Planning Department for approval in March 2017. The design will be displayed at the Leisure & Development Committee meeting.

In September 2016 Council appointed AECOM PLC to lead the Integrated Consultancy Team through the entire project. There have been no subsequent changes to the structure of the project team. Council remains The Employer with the Department for Communities as the Investment Decision Maker advised by the Central Procurement Directorate of the Department of Finance.

Both the Project Board and the Elected Members Consultative Group meet monthly to progress the project.

An economic appraisal was approved by the Department of Finance in December 2016. Subsequently the Department for Communities confirmed the project budget at £6.7million. This budget sum includes both an 8% optimum bias and 15% contingency allowance which is considered adequate for the type and scale of this project. Council will be responsible for any financial overrun above the final agreed project budget, as requested by the Letter of Offer.

This figure cannot be confirmed until the main contractor award is made in August 2017, because should the award be made for a sum below the estimated value there would be a corresponding impact on both the optimum bias and contingency sums. The consequence would be a lower overall project budget. The significance for Council is that the cost overrun would commence from this lower project budget figure. There is therefore an inherent risk for Council if a contractor wins the award with a tender value below the estimated value. However, should the main contractor award be above the estimated value the project budget will not be increased from the £6.7million already agreed which also gives rise to a degree of risk.

Council accepted an interim Letter of Offer from the Department for Communities to the value of £250,000 dated April 2016. This sum has covered all eligible costs within the scheme to date.

## **Next Steps**

AECOM are now progressing the preparation of the tender documents with a view to appointing a main contractor in August 2017. The Tender Assessment period will not be completed until 21st August. To facilitate making a contract award in August, and thereby saving a month within the project programming, a Special Meeting of the Leisure and Development Committee is recommended for week commencing 21<sup>st</sup> August allowing Council to consider ratifying the Committee's decision at the scheduled Council Meeting on 22nd August. This will allow the successful contractor the opportunity to commence mobilisation for the construction start date of 4<sup>th</sup> September.

Construction is scheduled to commence in September 2017 with completion by January 2019 leaving adequate time for post-construction snagging in advance of the Open Golf Championship.

The time constraint is the greatest challenge currently facing the project team. To assist in mitigating this threat, the project team recommend that some construction materials should be purchased before the main contract is awarded. Advanced purchasing of materials before the construction contract commences allows the contractor to begin actual construction three months earlier than would otherwise be possible. This is a significant mitigation of the time constraint. The estimated value of the stone to be pre-purchased is £160,000 with the tender assessment being completed by 29<sup>th</sup> May. The funding for the advance purchase will be drawn down from within the anticipated £6.7million project budget.

To optimise the benefit of the advance procurement procedure, the project team would wish to have the materials, which are sourced in China, to arrive in Portrush by late August 2017. To achieve this target the order must therefore be placed with the supplier by 5<sup>th</sup> June 2017. This will not allow sufficient time for the Tender Report to be presenting to Council for decision during June. Given that the contract sum is being funded by the Department for Communities supported by the Central Procurement Directorate it is recommended that the Leisure & Development Director (Project SRO) be authorised to accept the most economically advantageous tender and subsequently place the advanced purchase order. The Tender Report will be tabled before Council in June 2017.

## **Recommendations**

1. Accept the Letter of Offer from the Department for Communities, for a sum not exceeding £5,990,408 (which excludes Optimum Bias).
2. Convene a Special Meeting of the Leisure & Development Committee in week commencing 21<sup>st</sup> August 2017 to consider the Tender Report for the appointment of the main contractor and subsequently table a recommendation to the Council Meeting scheduled for 22nd August.
3. Authorise the Leisure & Development Director to manage the advanced materials procurement contract including placement of the order up to the value of £160,000. The Tender Report will be tabled before Council in June 2017.