



## AGENDA ITEM: 10

### SUMMARY

<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>10 February 2015</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Hemel Evolution: Bus Interchange and Market Square</b>
<b>Contact:</b>	<p>Cllr Andrew Williams, Leader of the Council and Portfolio Holder for Planning and Regeneration</p> <p>Author/Responsible Officers: James Doe, Assistant Director, Planning, Development and Regeneration</p> <p>Kevin Langley, Strategic Planning and Regeneration Team Leader for Hemel Evolution</p> <p>Jo Deacon, Strategic Planning and Regeneration Officer</p>
<b>Purpose of report:</b>	<p>1 To outline progress on the project and to set out arrangements for funding the costs of delivering the scheme.</p>

Recommendations	<ol style="list-style-type: none"><li>1. That progress on the project is noted as set out in the report</li><li>2. That Cabinet recommends to Council to approve £1million additional capital budget for expenditure during 2015/16 for the delivery of the Bus Interchange project</li></ol>
Implications	<p><u>Financial</u></p> <p>The original project budget was £2.2million - £2.16million capital and £40,000 revenue (BP015).</p> <p>Approximately £370,000 of this budget is required for associated costs including design fees, fees for cost manager, employer's agent, solicitor fees, CDM Coordinator, Design Monitors fees, planning, licenses, salaries and other statutory consents and communications.</p> <p>Following expenditure to date and virement of £450,000 out of the original budget, the current available budget left for construction is approximately £1.55million.</p> <p>Following a two stage tender process (PQQ and ITT) for the appointment of the main construction contractor for the Bus Interchange, two tender responses were received both of which were over the current available budget.</p> <p>Following a competitive tender process we have identified a preferred bidder whose tender contract is at the value of £1.711million.</p> <p>Whilst the landscape architects designed the scheme and monitored costs up to June 2014 with the advice of their cost managers to fit within our available budget, there has been a recent spike in construction costs linked to an increase in demand for contractors combined with a lack of supply of labour and materials.</p> <p>Officers, in liaison with the Portfolio Holder for Planning and Regeneration, have considered a number of value engineering options in the interest of the projects success. By doing this we have reduced the preferred bidder's price to approximately £1.53million. It was recognised that any further value engineering is likely to compromise both the design and quality of the scheme significantly.</p>

Implications:

**Financial**

On top of the £1.53million costs submitted further allowances need to be made which will increase the total cost of the works. These include the allocation of a contingency budget of 8% (5% design & 3% build) for the construction elements.

The Council's appointed cost managers have advised that 8% is an appropriate level of contingency subject to the Client not making any changes to the scheme. This 8% was a figure agreed by Cabinet in June 2014 for the MSZ project.

Through the contract negotiation process certain items of risk have been accepted as a Council risk to ensure that the contractor does not overestimate and price the risk. Therefore, a further contingency for items, not already included in the contract price needs to be included. This will cover utility issues, sub base issues, etc. This adds an additional contingency cost of £492,000

A total additional budget of £1million (for the required contingencies, professional fees, salaries and associated legal costs) is sought for the Bus Interchange Improvement Project.

Part of this funding will enable the continuation of staffing needed to deliver this project to be taken directly from the capital allowance. The main project officer role will continue until 31/01/2016 (to allow for snagging issues) which will cost £20,000 of the amount requested, A technical assistant to support the officer will also need to be extended until 30/11/15 which will cost £18,000 of the amount requested.

Value for money implications

**Bus Interchange**

The proposed designs for the Bus Interchange reflects significant value for money by delivering improvements that will make a distinctive, creative, visual and practical improvement to the Hemel Hempstead town centre. The scheme has been value engineered and alternative options considered to further reduce costs without impacting on the quality of the work.

Further value for money has been achieved by the installation of the public toilet and bus ticketing facility as part of the Marlowes Shopping Zone improvements in order to avoid additional costs and inconvenience that would be incurred if construction is done as part of the Bus Interchange works instead.

The schemes are being delivered in conjunction with wider regeneration in the town centre to maximise the scope for economic growth and increased footfall.

This project has an approved budget of £2.16 million.

As advised by our Consultants through an indicative Cost Plan prepared by their Quantity Surveyors, the designs outlined fit within this approved budget.

All figures rounded to nearest £100

<b>Proposed headline budget breakdown:</b>	<b>Budget (£) 2.16m</b>
<b>Total fees</b>	
Employers agent and QS	64,700.00
Ticketing facility	22,500.00
HCC	27,400.00
Project design	80,200.00
Pre-contract design change	5,000.00
Project management	118,400.00
Surveys and audits	16,000.00
Legal fees	24,000.00
Comms - public awareness/planning advertising	15,000.00
Client Contingency	37,000.00
<b>Total</b>	<b>410,200.00</b>
<b>Construction (NOT INCLUDING VALUE ENGINEERING)</b>	
Construction	1,710,800
Client contingency 8%	137,000
Utility contingency	242,000
Other risks (noted from MSZ associated with HCC approvals)	250,000
<b>Total construction costs</b>	<b>2,339,800</b>
<b>Total costs</b>	<b><u>2,750,000</u></b>

**Explanation of additional budget required**

<b>Original budget</b>	<b>Current £1,550m</b>
Total required for fees and construction	2,750,000
Current 15/16 Budget	(1,550,000)
Value Engineering option	(198,000)
<b>Additional Budget required</b>	<b><u>1,002,000</u></b>

Risk Implications	Risk Assessment included as part of the PID Market Square and Bus Station Regeneration
Equalities Implications	Equality Impact Assessment carried out as part of each design processes
Health And Safety Implications	A CDM Coordinator has been appointed to undertake statutory Health and Safety assessments.
Monitoring Officer/S.151 Officer Comments	<p><b>Deputy Monitoring Officer:</b></p> <p>Comments have been incorporated into the report.</p> <p><b>S.151 Officer</b></p> <p>Officers should work closely with the contractor to ensure that calls on the contingency budget are robustly controlled. Contingency budget that remains unspent at the completion of the project will be returned to General Fund capital reserves.</p>

### Background

1. As part of the implementation of the Hemel Hempstead Town Centre Masterplan, the design proposals aim to deliver a programme of public realm improvements to create a new Bus Interchange into a unique place that offers something for everyone and is vibrant during the day, evening and night attracting more visitors, business and investment and making it a place that people will want to visit over and over again to shop, work, live and enjoy. The scheme will bring public transport facilities into the heart of the shopping area and will in turn release land at the current Bus Station and Market Square where there are proposals to deliver a new commercial leisure development.
2. The Bus Interchange is a key proposal in the adopted Hemel Hempstead Town Centre Masterplan and authority to proceed with this project was granted by Cabinet at its meeting on 30 April 2013.
3. In April 2013, Members approved a budget of £2.2million (£2.16m construction and £40,000 revenue) for the delivery of the Bus Interchange project including the relocation of taxis and the provision formal blue badge parking and short stay – pick/up drop points.
4. Following a two stage tender process (PQQ and ITT) for the appointment of the main construction contractor for the Bus Interchange, two tender responses were received both of which were over the current available budget.
5. Following procurement rules and best value we have identified a preferred bidder whose tender contract sum is at the value of £1.71million.
6. Approximately £400,000 of the budget is required for associated costs including landscape architects design fees, fees for cost manager, employer's agent, solicitor,

CDM Coordinator, design monitors fees, planning, licenses, salaries, and other statutory consents and communications. The current budget available for 15/16 for construction is £1.55million.

7. Whilst the Landscape Architects designed the scheme and monitored costs with the advice of their Cost Managers to fit within our available budget, there has been a recent spike in construction costs linked to an increase in demand for contractors together with a lack of supply of labour and materials. This is a common issue at the current time as advised by the Council's appointed cost manager.
8. Officers, in liaison with the Portfolio Holder for Planning and Regeneration, have considered, a number of value engineering options. The proposed scheme strikes an appropriate balance between bringing in high quality new features to the public realm such as new paving of the same type now in place at the southern end of the Marlowes but with the retention of the current block paved carriageway (with repairs and making good as necessary) along Bridge St/Northern Marlowes as opposed to introducing costly new resurfacing. It is the advice of Officers that any further value engineering is likely to compromise both the design and quality of the scheme significantly.
- 9 In addition, we recognise that due to the complex nature of both the site and active town centre location, there are likely to be unforeseen problems such as utility issues, sub-base issues etc. Therefore we recommend the allocation of a contingency budget of £137,000 (8%) and associated contingency costs of £492,000 towards this scheme
10. Therefore the allocation of an additional £1 million is recommended towards the regeneration of the Bus Interchange
11. In order to assist the delivery of this project the re-allocation of the proposed spends should be broken down into identified elements such as construction costs, professional fees.
12. The approval of £1 million additional funding is therefore requested to complete this vital project, as part of the Council's regeneration vision for Hemel Hempstead town centre.