



AGENDA ITEM: 15
SUMMARY

Report for:	Cabinet
Date of meeting:	20th October 2015
PART:	II
If Part II, reason:	That the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). Local Government Act 1973, Schedule 12A, Part 1, paragraph 3.

Title of report:	Maylands Urban Realm Improvements
Contact:	Cllr Graham Sutton, Portfolio Holder for Planning & Regeneration Author/Responsible Officers: James Doe, Assistant Director (Planning, Development and Regeneration) Chris Taylor, Group Manager (Strategic Planning & Regeneration) Kevin Langley, Regeneration Assistant Team Leader Shalini Jayasinghe, Strategic Planning and Regeneration Officer
Purpose of report:	To update Cabinet on the progress made with the Maylands Urban Realm Phase 1 works, seek commitment to the approach that will be used to deliver these works, and approve the contractor selected to deliver the design development and works.
Recommendations:	1. That progress on the designs for the Maylands Urban Realm Improvements be noted. 2. That Cabinet recommend Council to approve an additional £330k contribution from this Council to fund the increased costs of the project since it was last presented to Cabinet in

	<p>October 2013.</p> <ol style="list-style-type: none"> 3. That Cabinet recommend Council to approve (in addition to the increased contribution of £330k by this Council), a further £272k contribution to this project to be funded by grant contributions from Hertfordshire County Council. 4. That Cabinet recommend Council to approve that the Capital Programme is amended to remove the previously approved project 'Heart of Maylands' scheduled for delivery in 2015/16. 5. That Cabinet approve the appointment of the successful tenderer T. Loughman & Co Ltd. as the main contractor to undertake the construction of the project. 6. That delegated authority is given to the Assistant Director for Planning (Development and Regeneration) in consultation with Portfolio Holder for Planning and Regeneration to approve further design and implementation decisions. 														
<p>Corporate objectives:</p>	<p>The regeneration of Maylands forms a key part of the "Regeneration" & "Dacorum Delivers" corporate objectives.</p> <p>Attracting new businesses to the area is vital for a strong local economy and these landscape improvements on Maylands Business Park will create a clear identity creating a high quality environment which will help to attract investment, businesses and jobs into the locality.</p>														
<p>Implications:</p>	<p><u>Financial</u></p> <p>The key funding streams of this project are set out in the table below. The works will lead to a small increase in the maintenance regime required in this area. Clean Safe and Green (CSG) has been consulted on this project.</p> <table border="1" data-bbox="523 1496 1378 1823"> <thead> <tr> <th>Source of funds</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>DBC (Agreed at Cabinet Oct 2013)</td> <td>£975,000</td> </tr> <tr> <td>S106 (Agreed at Cabinet Oct 2013)</td> <td>£23,335</td> </tr> <tr> <td>HCC – S106</td> <td>£254,000</td> </tr> <tr> <td>DBC</td> <td>£328,425</td> </tr> <tr> <td>HCC – LSTF</td> <td>£18,000</td> </tr> <tr> <td>Total</td> <td>£1,598,760</td> </tr> </tbody> </table> <p><u>Value for Money</u></p> <p>This scheme will enhance the likelihood of businesses being attracted to locate in Maylands, overcoming perceptions that the area is tired and has low quality surroundings. This will</p>	Source of funds	Amount	DBC (Agreed at Cabinet Oct 2013)	£975,000	S106 (Agreed at Cabinet Oct 2013)	£23,335	HCC – S106	£254,000	DBC	£328,425	HCC – LSTF	£18,000	Total	£1,598,760
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‘Value For Money Implications’	enable a greater range of higher quality jobs in the area providing a more sustainable business base. The chosen contractor to deliver the works has been selected through an open procurement process to ensure that the contractor chosen represents best value for money.
Risk Implications	Risk assessment and register completed as part of Maylands Urban Realm Improvements PID and as part of the project documentation.
Equalities Implications	Equalities Impact Assessment completed as part of Maylands Urban Realm Improvements PID
Health And Safety Implications	A CDM Advisor has been appointed to undertake statutory Health and Safety assessments and provide advise. The Main Contractor will take on responsibility as the Principle Designer under the changes to the CDM regulations.
Monitoring Officer/S.151 Officer Comments	<p>Monitoring Officer: No further comments to add to the report.</p> <p>S.151 Officer</p> <p>In overall terms, the cost of this project has increased by £350k (28%), from £1.25m to £1.6m, since Council approved the project in February 2014. In terms of the DBC contribution, the cost has increased by £330k (34%), from £975k to £1.305m.</p> <p>Council approved the project on the basis that the works would be complete by March 2015. As a direct result of the delayed delivery of this project, the cost to the Council has increased by about £260k. This comprises £130k of grant funding that had to be returned to the Department for Transport, due to the stipulated timeframe not having been met, and additional inflationary costs of about £130k.</p> <p>There is a further £254k funding contribution from Hertfordshire County Council which must be spent by the end of the current financial year, or will also need to be returned. Officers must ensure that this project is tightly managed going forward in order to ensure that there are no further delays to the scheme that would result in the loss of this funding.</p> <p>In order to ensure that the Council gets value for money it is imperative that officers are realistic about the timing and cost of delivering capital projects when requesting Cabinet approval, and understand that delays result in increased cost.</p>
Consultees:	Consultation on the Design Strategy and Improvement Specification has taken place with:

	<p>Maylands Partnership</p> <p>Hertfordshire County Council</p> <p>Hertfordshire LEP</p> <p>Aviva</p> <p>Dacorum Borough Council – (Development Management, Strategic Planning, Estates and Clean Safe and Green)</p> <p>Yaqubul Islam, Directorate Accountant, Housing and Regeneration, DBC</p> <p>John Musham, Cost Manager, Potter Raper Partnership (external consultant)</p> <p>Nicholas De Jong, Project Manager, Urban Design, Nicholas De Jong Associates (external consultant)</p> <p>Andrew Goddard, CDM Advisor, AGA (external consultant)</p> <p>Andrew Linden, Team Leader, Commissioning, Procurement & Compliance</p>
<p>Background papers:</p>	<p>Maylands Masterplan, 2007</p> <p>Maylands Visioning Plan, 2008</p> <p>Maylands Design Strategy & Improvement Specification, 2013.- Copies of these documents will be available in the group rooms the week prior to the meeting.</p>
<p>Glossary of acronyms and any other abbreviations used in this report:</p>	<p>PID – Project Initiation Document</p> <p>CSG – Clean Safe and Green</p> <p>DBC – Dacorum Borough Council</p> <p>HCC – Hertfordshire County Council</p> <p>LEP – Local Enterprise Partnership</p> <p>LSTF – Local Sustainable Transport Fund</p> <p>S106 – Section 106 Agreements</p>

BACKGROUND

1 Employment space in Dacorum and the role of Maylands Business Park

- 1.1 Dacorum has a challenging job targets set out within the Core Strategy (adopted 2013). This target is challenging as current employment space is pressured across the Borough from many offices being converted to

residential developments due to new permitted development rights and small employment locations changing to residential or mixed uses. Maylands is the primary area for providing the increase in jobs numbers across the borough.

- 1.2 Maylands is home to around 700 businesses which employ an estimated 16,500 people. Guided by the Maylands Master Plan the area is undergoing significant regeneration to deliver the ambitious plans for growth.
- 1.3 Since it was largely built out in the 60's and 70's it has suffered from a lack of investment, with new developments taking place on a largely piecemeal basis. This has led to the area looking tired and run down in parts affecting the areas ability to attract high quality employers who want to be based in business parks with high quality environments and urban realm.
- 1.4 Within the Core Strategy the adopted policy, CS 34, on page 152 sets out the agreed approach for bringing forward development within the Maylands Business Park. This policy states there is a need to focus for high quality development. This includes through bringing forwards HQ offices and a high quality landscaped environment to encourage higher density uses.
- 1.5 The Maylands Master Plan looked at how the area can become the leading location for business in the east of England and made recommendations on how the business park will need to change to meet future challenges.
- 1.6 The Council's vision for Maylands is: "To create an environment where a range of businesses can grow and prosper through the development of Maylands as a sustainable, well connected Green Business Park offering a high standard of accommodation within a pleasant high quality environment, served by a range of conveniently located shops and amenities."
- 1.7 The diversity of businesses that Maylands accommodates is one of its strengths, but it also contributes to one of its principal weaknesses – one of confused identity, lack of 'legibility' (making way-finding around the area difficult) and a mix of uses, some of which are conflicting.
- 1.8 The business park needs to offer a quality environment that has a clear character and is an attractive base for businesses and employees.

2 Maylands Design Strategy and Improvements Specification

- 2.1 A design strategy and improvement specification for Maylands was created and adopted by Cabinet in October 2013. This document sets out a series of public realm proposals to be taken on key public realm areas to improve the quality of the environment throughout the business park through the creation of a hierarchy of open space, landscaping and public realm improvements. With the public realm proposals aiming to reinforce the Maylands brand and unify a disparate business park.
- 2.2 The improvements introduce a step change in the quality of materials, identifying different material types for different areas within Maylands to reflect the types of businesses predominantly in those areas.
- 2.3 Types of public realm interventions covered within the proposals include:

street furniture, soft landscaping, hard landscaping, signage, lighting, public art, fencing and clearance & de-cluttering.

- 2.4 The improvements have been split into different category types, the highest quality improvements are classed as category 1, identified for the highest priority areas, with category 2 and category 3 improvements identified for less well used or more industrial areas and each representing a slightly lower quality materials pallet but still providing a marked improvement.
- 2.5 The Design Strategy and Improvement Specification gives the detail required to identify specific public realm enhancement schemes or projects that can be costed and grouped together. They also act as an evidence base for securing future contributions towards these works. The Maylands Design Strategy and Improvement Specification documents have been delivered with funding received through the LSTF.

3 **Maylands phase 1 works**

- 3.1 The first phase of works has been identified for Maylands Avenue, as this is the highest profile and most well used area of the business park. The works will take place from the southern end of Maylands Avenue through to the Junction where Maylands Avenue meets Wood Lane End (at the Heart of Maylands). Designs presented at Cabinet October 2013 specify the use of a new high quality resin bounded surface edged with new blue brick pavers. However due to Hertfordshire County Council policy restrictions, this surfacing has had to be replaced with asphalt surfacing materials which meets its policy guidelines.
- 3.2 Works will take place on the Highway land excluding the carriageway to create a refreshed, consistent look and feel. The footpath surfacing will be replaced and improved to help create a clear identity for the area. They will also be widened to enable shared use of both walking and cycling.
- 3.3 Designs for the scheme were presented at Cabinet October 2013. These have been developed further to a RIBA Stage E level for tendering. The concept of the design remains unchanged but some further minor changes as well as the surfacing type change have been required as part of the design development process in order to make the scheme implementable. Please refer to Appendix A: Maylands Urban Realm Improvements Stage E Designs for the package of designs.
- 3.4 Costs for the scheme were submitted based on the initial cost estimates completed prior to October 2013 cabinet. Funding of £1,250,000 million was agreed by cabinet in October 2013 to deliver a first phase of works. Details of this funding is set out below:

Source of funding	Amount
DBC capital	£975,000
HCC (through LSTF programme)	£205,000
S106	£70,000
Total	£1,250,000

- 3.5 A project team has been established to progress the development and delivery of the project. The project team includes the project manager (Nicholas De Jong Associates), Cost Manager (Potter Raper Partnership), Architect (Aecom) and the client side project officer.
- 3.6 The project is reported into the Regeneration Programme Board on a monthly basis to guide delivery and to give oversight.
- 3.7 Further detailed design work was undertaken before going out to tender to bring the designs up to RIBA stage E. Once this further design work was completed new cost estimates indicated that the scheme would come in above the previous agreed budget.
- 3.8 The new designs will lead to an increase in the levels of maintenance required in the area. CSG have been consulted on the new designs and based on these it is estimated that it will take an additional £15,000 of time per annum to undertake this new maintenance after the 3 year contractor tree maintenance period is finished. The new designs change the landscaping by adding additional bins and significant new areas of shrub planting. They also reduce the level of grass that needs to be cut in the area and add new trees.
- 3.9 As the contract type is a design and build there will be refinement of the designs which may lead to changes in the soft landscaping which would reduce this maintenance burden. The amount of maintenance required will not increase through this process and it will be looked at as a potential value engineering option as the designs are further refined with the contractor.
- 3.10 Cost engineering took place at this stage to look at the materials pallet and designs to make savings where possible. The scheme that is presented now offers a minimum level required to achieve the desired outcomes. Further minor value engineering options have been submitted as part of the tender process and will be considered at the next stage of the design process and savings made wherever possible.
- 3.11 Based on Stage E designs, the Council advertised the tender opportunity through Contracts Finder and Supply Hertfordshire to seek suitable companies to undertake construction of the project as the main contractor. The tender process was carried out under the open procedure.
- 3.12 The tenders were evaluated on financial stability, previous experience, technical capability, quality, proposed programme and price. The full criteria is set out below:-

Evaluation Criteria	Sub Headings	Sub Headings Weighting	Overall Weighting	Evaluation
Company details	Company details schedule	For information only		Tender Document
Financial Appraisal	Financial assessment on Main Contractor	Pass/Fail		Tender Document

Previous Experience	Company experience in carrying out contracts similar to the Maylands Urban Realm Works	Pass/Fail		Tender Document
	Contracts or commissions terminated early	Pass/Fail		
Technical Capability	Details of project team management structure, key people and sub-contractors / suppliers	100 marks	15%	Tender Document
	Confirmation of licence to work on the Highway – Hertfordshire County Council	Pass/Fail		
	Copies of Health & Safety and Environmental/Sustainability Policies	For information only		
Quality	Method Statements of how works will be carried out (approach)	40 marks	20%	Tender Document
	Health & Safety and Risk Management	30 marks		
	Method Statements on Management	30 marks		
Programme	Design, Procurement and Construction Programme of works including sequence and timing of the principal parts	100 marks	15%	Tender Document
Subcontractors	Sub-contractor proposals	For information only		Tender Document
	Working with Council appointed subcontractors	For information only		
Price	Value Engineering and Value Management	10 marks	50%	Tender Document
	Total Costs for the Project	90 marks		

Appendix B: Tender Evaluation Matrix summarises the tender evaluation.

- 3.13 T. Loughman & Co. scored the highest and will be appointed as the main contractor to undertake the construction, subject to Cabinet approval as recommended in this report.
- 3.14 The remaining design work will be undertaken in November with the construction starting in December/January, the construction phase is planned to last approximately 6 months.
- 3.15 Based on the contract sum submitted by the winning bidder and taking into account project team fees, communications, costs of the planting scheme and other miscellaneous costs, it has been found that the funding previously agreed falls short of what is required to deliver the project.

- 3.16 The main reasons for this increase in costs since the time of the last cabinet report, October 2013, is that the designs and costs have now been looked at in much greater detail, with further items and risks identified which have led to increases in the cost of the scheme. In this time inflation has also affected the costs which has have pushed up the costs further.
- 3.17 The phase one construction works is estimated to cost £1,393,760 based on the contract sum of the winning bidder. The previous figure excludes professional fees but includes a 12% contingency. The total cost for capital works and associated professional fees will be £1,598,760.
- 3.18 A contingency of 12% has been chosen for this project as there is a high level of risk presented from utilities in the area. This has been identified through survey work and judging from the experience of other projects.
- 3.19 Of the £1,250,000 approved at Cabinet in October 2013, £998,335 is available for the use of the project. Some of the funding has already used to fund the design work up to the current stage, some of the S106 has not yet been received (as detailed below in point 3.23) and some of the LSTF funds have had to be returned to HCC.
- 3.20 With the increased costs of the project identified through the detailed design stages it has created a shortfall in funding including all contingencies of £599,760.
- 3.21 We have been able to secure £254,000 from Hertfordshire County Council towards the project for funds they had secured through section 106 agreements. An application for £254,000 was made to and subsequently approved by HCC in October 2014. These funds have now been received by DBC for the sole use on this project and if not spent will be lost.
- 3.22 A further matched funding contribution of £18,000 has been obtained from Hertfordshire County Council towards to the project. These funds have now been received by DBC.
- 3.23 It is requested that an additional DBC contribution of £328,425 is put towards this project. This money has been earmarked to come from the £1 million that is currently allocated for the Heart of Maylands project as this project no longer requires this funding.
- 3.24 The Heart of Maylands project is no longer required as a significant part of this project area has now been successfully progressed without the need to use any public funding to help deliver the public space within this area. This area is being developed by Hightown Praetorian Churches Housing Association. There are other elements within the original project around land assembly where funding may be required to match resources provided by Herts LEP. This will not, however, be required in 2015/16 and if the Council is successful in attracting potential additional external funding a case will be made for resources at that time for Members to consider It is recommended therefore that the Heart of Maylands project be removed from the capital programme in order for the resources to be available for other priorities.

3.25 A summary of the financial implications is set out in the table below:

Source of funds	Amount
DBC (Agreed at Cabinet Oct 2013)	£975,000
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3.26 The S106 from the cabinet report was made up from a combination of planning applications that were currently underway. These have since been approved but due to delays with the developments on these sites several of these have not yet been implemented. This has meant that not all of this funding has been received. Only one of these contributions is due to be received imminently with this is the Hightown Pretorian contribution for the Heart of Maylands (4/00676/14/MFA) which totals £23,335.