

## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

### POLICY DEVELOPMENT GROUP – WEDNESDAY 9 JANUARY 2019

Title of report	<b>MARLBOROUGH SQUARE REFURBISHMENT</b>
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Purpose of report	The report seeks to advise and update Policy Development Group of the background and project work carried out to progress the refurbishment of Marlborough Square.
Council priorities	Homes and Communities Building Confidence in Coalville Business and Jobs
Implications:  Financial/Staff  Link to relevant CAT  Risk Management  Equalities Impact Screening  Human Rights  Transformational Government	<p>There are no financial implications resulting from this report</p> <p>Coalville Project Board is being kept up to date with this project.</p> <p>There are no risks associated with this report.</p> <p>There are no equalities impacts.</p> <p>No human rights impacts.</p> <p>No direct implications.</p>
Comments of Head of Paid Service	Report is satisfactory
Comments of Section 151 Officer	Report is satisfactory

Comments of Monitoring Officer	Report is satisfactory
Consultees	Marlborough Square working group. Ward Members. Leicestershire County Council.
Background papers	<a href="#">The Prince's Foundation's Regeneration Strategy for Coalville (2009).</a> <a href="#">Four Squares and Streets Investment Plan (2010).</a> Report to Cabinet (26 July 2016) Extending the Coalville shop front improvement grant scheme and update on the Coalville Project. <a href="http://prodmodgov:9070/ieListDocuments.aspx?CId=126&amp;MId=1543&amp;Ver=4">http://prodmodgov:9070/ieListDocuments.aspx?CId=126&amp;MId=1543&amp;Ver=4</a> Report to Cabinet (13 June 2017) Building Confidence in Coalville – Proposals and Funding. <a href="http://prodmodgov:9070/ieListDocuments.aspx?CId=126&amp;MId=1551&amp;Ver=4">http://prodmodgov:9070/ieListDocuments.aspx?CId=126&amp;MId=1551&amp;Ver=4</a> Report to Cabinet (16 January 2018) Marlborough Square Refurbishment <a href="http://prodmodgov:9070/ieListDocuments.aspx?CId=126&amp;MId=1557&amp;Ver=4">http://prodmodgov:9070/ieListDocuments.aspx?CId=126&amp;MId=1557&amp;Ver=4</a> Report to Cabinet (24 July 2018) Marlborough Square Redevelopment.
Recommendations	<b>IT IS RECOMMENDED THAT THE POLICY DEVELOPMENT GROUP NOTES THE PROGRESS MADE TOWARDS THE REDEVELOPMENT OF MARLBOROUGH SQUARE.</b>

## 1.0 BACKGROUND

- 1.1 The Marlborough Square project forms part of a wider scheme of public realm works proposed across Coalville to improve the appearance of the town and encourage regeneration. It is part of a programme to realise the recommendations set out by the Prince's Foundation Regeneration Strategy for Coalville (2009) which highlighted the need for improvements to Marlborough Square.
- 1.2 The proposal seeks to create a quality new square for Coalville, turning roads back to public realm and forming an attractive space that can be used for a variety of events including markets and fairs. The proposals will include:
- Outdoor seating areas
  - New tree planting
  - A more pedestrian-friendly environment, with vehicles encouraged to drive through the square at lower speeds through changes in carriageway width and surfacing
  - Improved bus passenger waiting areas
  - New taxi rank
  - New Christmas tree pit
  - New short stay parking spaces

- Space for events that can take place without closing the square to vehicles
- New public art

- 1.3 In December 2016, Leicestershire County Council (LCC) were informally consulted on the plans for the Marlborough Square Project including developing cost estimates. After this collaborative approach LCC Highways were engaged in December 2017 by NWLDC to design and deliver the project offering the opportunity to ensure alignment between highway and public realm design consideration. This approach also provided the opportunity to align delivery with the Snibston Project located in close proximity.
- 1.4 In June 2017 and January 2018 NWLDC Cabinet noted that the project was at an initial feasibility stage and that the detailed design, costing and work programme were still to be developed.
- 1.5 In January 2018 Cabinet gave approval for the Marlborough Square scheme to proceed to detailed design. Following this, officers from both LCC and NWLDC undertook work to develop and agree a scheme for delivery.

## 2.0 PROJECT PROGRESS AND UPDATE

### 2.1 Key dates

The key dates of progress on the project overall are:

Progress	Date
Cabinet approval for the allocation of £1.1 million from the 2016/17 and projected 2017/18 budget surpluses towards the cost of potential improvements to Marlborough Square.	13 June 2017
Cabinet approval for the commissioning of detailed design and feasibility work (by LCC) to refurbish Marlborough Square to determine the actual costs associated with project implementation be approved.	16 January 2018
Cabinet approval to delegate authority to make changes to the design and for funding of £1,586,500 based on LCC estimate.	24 July 2018
Design freeze	17 August 2018
Tender returned to LCC	1 October 2018
Fencing, site cabin and trial hole – Morgan Sindall on site	1 October 2018
Contract between NWLDC and LCC agreed (but not signed)	10 October 2018
NWLDC verbally notified of tender price by LCC taking the total project cost to £2.28 million	10 October 2018
Meeting with LCC to consider cost reductions	16 October 2018
Informal briefing to NWLDC members	16 October 2018
Letter to members with decision to put the project on hold	17 October 2018
Majority of fencing removed from site and parking made available	19 October 2018
Letter and report from LCC Chief Executive agreeing that working arrangements between the two Councils on the Marlborough Square project should be ended.	22 November 2018

- 2.2 A design option that satisfies the requirements of the project brief and the day-to-day operational needs of Marlborough Square was presented to Cabinet in July 2018. Authority was delegated to contract with LCC (including traffic regulation order costs and LCC design and contract supervision costs and NWLDC project management and urban design costs) for up to £1,586,500. The estimated tender price included all the elements dated on or before 13 June 2018 in the column labelled “Client agreement received” in Appendix 1 (provided by LCC). The risks identified at that time included the possibility that once the detailed design had been completed then the cost could exceed the allocated funds and it was identified that if the cost of the works exceed the allocated funds that officers would work with LCC to bring the project within the budget allocation.
- 2.3 Officers and the external project manager appointed by NWLDC have worked closely with Leicestershire County Council, local businesses and other stakeholders to further develop the plans approved at Cabinet into detailed proposals and tender documentation. Changes to the specification from May 2018 are shown in Appendix 1 and the total cost of agreed changes from Cabinet approval on 24 July 2018 up to the design freeze in August 2018 was £30,430.
- 2.4 Following the Cabinet approval in July 2018, the following key stages have been completed:
- Technical and design detailed work to refine design proposals including specification of materials and preparation of project programme.
  - Officers have worked with LCC to resolve practical details including various event scenarios to ensure that all over surface items are carefully located so as not to unreasonably preclude certain events taking place.
  - LCC identified Morgan Sindall as the preferred contractor through a new framework agreement and prepared tender documents and obtained tender price.
  - Detailed ground investigations were undertaken and initial site set up by Morgan Sindall (as appointed by LCC to carry out early contractor involvement) including setting up temporary fencing/site cabin and trial hole.
- 2.5 The tender price obtained by LCC was substantially more than expected and hence it is proposed that it is not accepted and to further refine the design. In view of the price it was also necessary for fencing and a site cabin which had been installed on the day that the tender price was received, to be removed and a repair made to the tarmac resulting from the trial hole.
- 2.6 Further details of the development of the project will be provided in a presentation to accompany this report. The presentation outlines that, despite risk mitigation being in place the total cost including the tender price was approximately 50% more than the estimated cost which meant that the project could not be afforded within existing approvals. The risk mitigation included:
- £124,000 included in the costs which acted as a contingency,
  - £340,000 included to cover potential risks such as contaminated ground,
  - Delegated approval in place to make changes to the project in place.

- 2.7 LCC have agreed that it would be mutually advantageous for NWLDC to seek an alternative delivery method and this will enable the Council to seek greater value for money. Cabinet approval will therefore be sought to pay LCC for their work and for the work carried out by their contractor, Morgan Sindall. This will enable the current phase of work to be concluded and used as a basis for further progress.
- 2.8 All parties involved in the project have sought to implement the proposals for Marlborough Square quickly in order to benefit Coalville as soon as possible and to be able to carry out tree planting at the appropriate time of year. This included seeking approval by Cabinet to proceed with the project up to a maximum cost. The unexpectedly high tender price has meant, however, that these arrangements have not resulted in the desired result. The key lesson learnt, therefore, is to seek Cabinet approval for the actual tender price rather than for an estimated cost so that the works can go ahead once the tender price and total budget has been approved rather than starting work on site without the actual tender price.
- 2.9 It is proposed that a further report will be brought to Cabinet to seek approval to pay LCC costs and, subsequently, for processes to take the project forward. These proposals will be based on the work carried out to date.

#### **2.10 Project Management**

Clear roles and responsibilities are crucial for any project. In the case of Marlborough Square the client role was fulfilled by a NWLDC Project Board which agreed any requests for changes to the design. LCC acted as designer and quantity surveyor as well as procuring the contractor for the on-site works.

- 2.11 Requests made by the NWLDC Project Board were passed to the LCC Project Board by the Project Manager and NWLDC representative on the LCC Project Board and meetings minuted.
- 2.12 The project management arrangements reflected normal process with the exception that each Council had a project board. This was to enable client requirements to be discussed and coordinated by NWLDC and then logged formally to LCC.

#### **2.13 Design Process and quality control**

The scope of the project has been managed by the NWLDC Project Board within the parameters agreed by Cabinet. Work focussed on achieving the maximum quality, functionality and value for money and for this reason LCC were sometimes asked to explore options and provide advice which is the normal design process and enables the client to determine priorities for the resources available.

- 2.14 NWLDC sought to ensure aesthetic quality as this is a key component of the project aims and, following discussion with LCC, arrangements were agreed in the proposed contract to enable the council to input into any changes during the implementation in order to prevent any dilution of the design quality.
- 2.15 Following receipt of the target cost from Morgan Sindall, the two Councils considered layout changes to get the cost within the parameters agreed by NWLDC Cabinet whilst delivering

the ambitions and vision of the original scheme. However, despite constructive discussion this proved to be not possible within the existing arrangements with LCC/Morgan Sindall.

## **2.16 Costs and Programming**

NWLDC relied on LCC for cost information and for programming to deliver the scheme as soon as possible in order to deliver the benefits for residents and to meet the constraints of the tree planting season. As outlined above, this included exploring, and then prioritising options with LCC. Appendix 1 provides a list of changes from May 2018 to September 2018 and it can be seen in the column labelled “Client Agreement received” that the changes (ref .no’s 4 and 5) between the estimate reported to Cabinet on 24 July 2018 and the design freeze on 17 August 2018 totals £8,250. If the changes made on 21 August 2018 are included then this totals £30,430.

## **2.17 Issues raised by Marlborough Square project**

The key issue in the project has been that the total cost of the works including the tender from the contractor, Morgan Sindall, has been approximately 50% more than the cost estimate provided by LCC and approved by Cabinet in July 2018. Although there were mitigation measures in place, as outlined in paragraph 2.6, it transpired that these were not adequate. It should be noted that such a large discrepancy is rare and the mitigation measures in place would normally have been adequate. In order to prevent a reoccurrence of this issue all future contract approvals considered by Cabinet will be on the basis of tendered costs rather than estimates and no pre-commencement works started until costings are finalised.

## **2.18 Next Steps**

The indicative new timeline is set out below:

- January 2019: Report to Cabinet to seek authority to pay LCC’s costs (including those incurred by Morgan Sindall)
- February/March 2019: Report to Cabinet to seek approval for procurement arrangements going forward including new timeline:
  - finalising design/tender documentation
  - tender
  - site mobilisation

## **3.0 CONCLUSION**

- 3.1 NWLDC Officers have worked closely LCC with the aim of delivering the concept proposals. The detailed design work completed by LCC will provide the basis for finalizing design and tender documentation and procuring the work to deliver Marlborough Square in 2019.
- 3.2 Officers consider that the scope of the original design concept prepared by the Council has largely remained the same and that appropriate project management was put in place by the District as has been set out in this report.
- 3.3 Due to the unexpected high tender price, and following the consideration of reductions to the scheme it is considered that the method of delivering the project needs to be reconsidered to ensure the original vision and ambitions for the project can be realised. On

this basis, it is considered that it is in the interests of both NWLDC and LCC to cease the current joint arrangements. The District will continue to work in partnership with the County Council to deliver the project through the S278 agreement, whilst design and procurement is now delegated to NWLDC.

- 3.4 Subject to Cabinet approval, it is intended that that project will be progressed and the key elements of the scheme, as described in paragraph 1.2 above, achieved.