



Public Document Pack

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31 October 2024

COUNCIL MEETING

To all Members of the Council

You are summoned to attend a meeting of the ARUN DISTRICT COUNCIL to be held on **Wednesday 6 November 2024 at 6.00 pm** in the **Council Chamber, at the Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF** to transact the business set out below:

A handwritten signature in black ink, appearing to read "Dawn Hudd".

Dawn Hudd
Chief Executive

AGENDA – SUPPLEMENT PACK 1 – AGENDA ITEM 14 – POLICY & FINANCE COMMITTEE – 24 OCTOBER 2024 – MINUTES AND ACCOMPANYING REPORTS

14. POLICY & FINANCE COMMITTEE - 24 OCTOBER 2024 (Pages 1 - 42)

The Chair of the Policy & Finance Committee, Councillor Lury, will present recommendations from the meeting of the Policy & Finance Committee held on 24 October 2024.

The minutes from this meeting are attached. There are recommendations for Council to consider at:

- Minute 230 [Environment Committee – 19 March 2024 – Minute 720 [Combined Cleansing Services Contract] – the Officer's report is attached. As there are numerous appendices that accompany this item, these have been provided as links below:

[Combined Cleansing Services Contract - Appendix 1.pdf](#)
[Combined Cleansing Services Contract - Appendix 2.pdf](#)
[Combined Cleansing Services Contract - Appendix 3.pdf](#)

- Minute 239 [The Regeneration of the Alexandra Theatre, Bognor Regis – Progress Report] – the Officer's report and the appendix is attached.

Note : If Members have any detailed questions, they are reminded that they need to inform the Chair and relevant Director in advance of the meeting.

Public Document Pack Agenda Item 14

Subject to approval at the next Policy and Finance Committee meeting

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POLICY AND FINANCE COMMITTEE

24 October 2024 at 6.00 pm

Present: Councillors Lury (Chair), Nash (Vice-Chair), Birch, Mrs Cooper (Substitute for Pendleton), Cooper, Greenway, Gunner, Huntley (Substitute for Brooks) and Stanley.

Councillors Goodheart and McDougall were also in attendance for all or part of the meeting.

224. APOLOGIES FOR ABSENCE

Apologies for Absence had been received from Councillors Brooks and Pendleton.

225. DECLARATIONS OF INTEREST

There were no Declarations of Interest made.

226. MINUTES

The minutes from the last Meeting of the committee held on 9 July 2024 were approved as a correct record and were signed by the Chair at the conclusion of the meeting.

227. ITEMS NOT ON THE AGENDA THAT THE CHAIR OF THE MEETING IS OF THE OPINION SHOULD BE CONSIDERED AS A MATTER OF URGENCY BY REASON OF SPECIAL CIRCUMSTANCES

The Chair confirmed that there were no urgent items for the Committee to consider.

228. PUBLIC QUESTION TIME

The Chair confirmed that no questions had been submitted for this meeting.

229. ITEMS PUT FORWARD FROM SERVICE COMMITTEES

The Chair confirmed that there were recommendations for the Committee to consider from the Service Committees detailed below.

230. ENVIRONMENT COMMITTEE - 19 MARCH 2024

The Committee received the minutes from the meeting of the Environment Committee held on 19 March 2024. The Chair drew Members' attention to two recommendations at Minute 720 [Combined Cleansing Services Contract].

The recommendations were proposed by Councillor Nash and seconded by Councillor Stanley.

The Chair then invited debate. One of the questions asked was whether the Council had been successful in securing further funding to meet the cost of providing the new bins and caddies and was work taking place to determine if there were any other sources of funding that could be applied for to assist with this cost. It was confirmed that no further funding had been secured and that in looking at the revenue grant awarded by DEFRA it could not be confirmed at this stage if the Council would receive the full amount to cover all its costs. The Group Head of Finance and Section 151 Officer reassured Members that Officers were continually seeking sources of funding that it could apply to receive from Government. This applied to all Council projects. The Group Head of Finance and Section 151 Officer also assured Members that the capital costs of providing the 180 litre bins would be funded by expected savings achieved by the new contract.

The Committee

RECOMMENDS TO FULL COUNCIL – That

- (1) It approves the addition of £1,820,000 to the Capital Programme in 2025/26 to fund the purchasing and delivery of food waste receptacles and purchasing of vehicles necessary to provide the weekly food waste collection service as part of the CCSC to be funded by a grant received from DEFRA; and
- (2) It approves the addition of £1.2 million to the Capital Programme in 2025/26 to procure and roll out 180 litre residual bins for residents to facilitate a fortnightly residual collection service. This will be funded from borrowing if the Council is unable to secure further funding.

231. ENVIRONMENT COMMITTEE - 19 SEPTEMBER 2024

The Committee received the minutes from the meeting of the Environment Committee held on 19 September 2024. The Chair drew Members' attention to the first set of recommendations at Minute 217 [Two-Hour Town Centre Parking Schemes]. Members were also alerted to a report from the Director of Growth accompanying the two recommendations.

The Chair invited the Group Head of Technical Services to present this report. He provided the background to this item explaining that back in September 2023, the Environment Committee had established a Working Party to review and make recommendations on the future of the 2-hour free parking schemes in Littlehampton and Bognor Regis. That Working Party had met on several occasions and had formed recommendations which were considered by the Environment Committee at its meeting held on 19 September 2024. These recommendations had been set out within

Paragraph 4.2 of the report. The Environment Committee resolved to agree recommendations a, b and d with amendments being made to recommendation c with a further three additional recommendations being made, as outlined below:

- a. authority be delegated to the Group Head of Technical Services to implement a single 2-hour free town centre parking disc scheme to incorporate both Littlehampton and Bognor Regis, with the scheme to be administered in both Littlehampton and Bognor Regis by Arun District Council;
- b. differential pricing be agreed for virtual and physical parking discs, whereby the virtual parking disc is cheaper than the physical counterpart to encourage transition to the virtual scheme;
- c. the retail price points for both the virtual and physical parking discs for 2025 from the options in 4.19 be agreed, with the retail price for the virtual disc being £4 and £6 for the physical disc;
- d. authority be delegated to the Group Head of Technical Services to make any necessary changes to the Council's Parking Orders and to take any other actions necessary to enable the scheme to take effect; and
- e. card discs should be supplied to traders on a strictly sale or return basis.

The Committee also recommended to the Policy & Finance Committee that:

- f. the retail price point (set out in c above) should be fixed for a period of three years; and
- g. the clause to use the disc and app only once per day should be removed.

The Group Head of Technical Services explained the financial implications for the Council if the two recommendations from the Environment Committee were to be accepted by this Committee. Firstly, he explained the financial impact resulting from resolution c above. The table at Paragraph 4.4 of the report illustrated that the adjustment in pricing for the physical discs from £10 to £6 would have a detrimental effect on the level of revenue the Council generated via disc sales.

The impact of this change agreed by the Environment Committee was estimated to be a loss of £123,200. Turning to the two recommendations that the Committee needed to consider, the first, if agreed, would pose serious financial challenges as it would eliminate the Council's ability to increase the price of discs in line with inflation. At the same time, the cost to produce and administer the physical parking discs would increase annually, with the Council having no flexibility to adapt to these appreciations. This meant that the Council would see a reduction of income from sales of both the physical and virtual discs making it more challenging for it to achieve a balanced budget.

The second recommendation was asking the Committee to remove the clause to use the disc and app only once per day resulting in anyone with a disc or using the app being able to park all day everyday free of charge. This would have a significant detrimental impact on the £370,209 revenue generated by the Council within those car parks as there would be little incentive for motorists to park elsewhere. At the same time, it would have a similar impact on the revenue generated by neighbouring town centre car parks. The severity of the financial consequences had been illustrated within the report and were reinforced by the Group Head of Technical Services.

Councillor Stanley then proposed the recommendations which were seconded by Councillor Huntley.

The Chair invited debate. There was a strong argument presented to not accept recommendation f with Councillors referring to the Council's Finance Strategy and the need for the Council to have flexibility and be able to increase revenue in a reasonable way when it could.

In considering recommendation g, Officers were asked what the implications would be if the once per day usage stipulation was removed and how would the Council be able to enforce usage. The Group Head of Technical Services confirmed that removal of the once per day stipulation was enforceable but that putting into place measures to ensure effective enforcement for the disc would be very expensive and would increase the cost to the council as revenue would be massively impacted.

Discussion then focused on some of the recommendations approved by the Environment Committee and questions were asked as to why these had not been presented to the Policy & Finance Committee as they had financial consequence. Concern was also expressed that the Environment Committee had established a Working Party to undertake this work but had then rejected that Working Party's recommendations which had been disappointing and had put into question why the Working Party had been established.

Following further debate, the Chair then turned to voting on the two recommendations which was undertaken separately.

The Committee

RESOLVED - That

- (1) The retail price point (set out in recommendation c agreed by the Environment Committee) should not be fixed for a period of three years; and
- (2) The clause to use the disc and app only once per day should remain.

The Chair then alerted the Committee to the next recommendation at Minute 223 [Quarter 1 Performance Report for the Key Performance Indicators (KPIs) which formed part of the Council's Vision 2022-2026]. He confirmed that as there were similar recommendations from other Service Committees, this recommendation would be considered as part of Agenda Item 10.

232. PLANNING COMMITTEE - 11 SEPTEMBER 2024

The Committee received the minutes from the meeting of the Corporate Support Committee held on 10 October 2024. The Chair drew Members' attention to a recommendation which had been provided via an extract from the minutes which were yet to be published relating to Quarter 1 Performance Report for the Key Performance Indicators (KPIs) which Form Part of the Council's Vision 2022-2026.

The Chair confirmed that this recommendation would be considered at Agenda Item 10.

233. CORPORATE SUPPORT COMMITTEE - 10 OCTOBER 2024

The Committee received the minutes from the meeting of the Corporate Support Committee held on 10 October 2024. The Chair drew Members' attention to a recommendation which had been provided via an extract from the minutes which were yet to be published relating to Quarter 1 Performance Report for the Key Performance Indicators (KPIs) which Form Part of the Council's Vision 2022-2026.

The Chair confirmed that this recommendation would be considered at Agenda Item 10.

234. KEY PERFORMANCE INDICATORS 2022-2026 - QUARTER 1 PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2024 TO 30 JUNE 2024

The Committee received a report from the Group Head of organisational Excellence updating Members on the Quarter 1 Performance Outturn for the Key Performance Indicators (KPIs) which made up the Corporate Plan for the period 1 April to 30 June 2024.

Members were alerted to section 3.7 of the report as this provided a full commentary for each indicator when looking at the overall performance at Quarter 1. This illustrated that 29 out of the 39 indicators were either achieving target or were within 15% of doing so. The next section of the report provided a summary of the actions proposed for the remaining indicators that were not achieving.

Turning to the recommendations made by Service Committees, it was explained that the Corporate Leadership Team (CLT) had recently undertaken a review of KPIs and it was proposed that those listed in the table at Section 3.10 of the report should no longer be reported to Members via Service Committees and the quarterly performance reports due to their operational nature, allowing Members to focus on strategic issues.

The recommendations were then proposed by Councillor Nash and seconded by Councillor Stanley.

The Chair invited debate, and many Councillors spoke on this item. The majority confirming that they felt uncomfortable removing these indicators as they had fought hard to have them reporting into Committees; they appreciated the level of detail provided; and as eight of the KPIs were underachieving. It was also explained that for many, especially CP29 [the average number of days to determine applications], this was information that was very important to Councillors and questioned why such critical information be removed from their scrutiny.

This same message was strongly argued in respect of other indicators such as CP6 [Compliance with Health and Safety Programme] as Members needed to know if such an important corporate undertaking was up to date and on track performance wise. Similarly, it was important for Councillors to be updated with any concerns or briefed if there were any delays and the reasons for them. The argument being presented was that Councillors and the public needed to know that the Council was functioning in an effective way operationally.

Another query raised was that CP7 [Average call wait time (secs) for the last month] was not proposed for removal but was argued to be more operational than CP6 and some of the other KPIs listed for removal. Members felt that any underperforming KPIs should continue to be reported through Service Committees so that Councillors could keep track on improvement or have opportunity to raise further concerns or request additional information. In response, it was confirmed that the proposals to remove some KPIs reflected feedback received from Councillors that that level of information was not required. Should the Committee confirm that it wished to continue to receive the information, then this would be provided.

Councillor McDougall as a non-committee member was permitted to address the Committee. He confirmed that he was comfortable for the KPIs covering planning to be removed as these were mostly national targets but provided useful data for internal monitoring. He praised the performance of Arun's Planning Department confirming that it was the third best performing planning authority in England and so this could be seen as an argument for continuing to publish data on a regular basis.

The Chair confirmed that although this information could still be provided to Members through Officers, he took on board the strong feelings expressed by the Committee.

The Committee

RESOLVED – That

- (1) The recommendations from the Corporate Support Committee held on 10 October 2024 to remove CP6 [] from the KPI list are not approved;
- (2) The recommendations from the Planning Committee held on 11 September 2024 to remove CP29, CP30, CP31, CP32, CP33 and CP34 [] from the KPI list are not approved;
- (3) The recommendations from the Environment Committee held on 19 September 2024 to remove CP37, CP38, CP39 and CP40 [] from the KPI list are not approved; and
- (4) The content of the report is noted.

235. DRAFT FINAL OUTTURN REPORT - 2023/2024

The Chair invited the Group Head of Finance and Section 151 Officer to provide an overview of his report. This report was being presented to the Committee to appraise Members of the Policy & Finance Committees of its draft 2023/24 final outturn which was in draft status as it was yet to be externally audited. This outturn was against the 2023/24 budget approved by Full Council at its meeting held on 21 February 2023. The Committee was requested to consider the report and provide any comments to Officers.

Members' attention was drawn to Table 1 in the report outlining that the Policy & Finance Committee's draft revenue final outturn position for 2023/24 revealed an underspend of £442k, which was a positive shift of £109k from the £314k underspend recorded in Quarter 3.

The Group Head of Finance and Section 151 Officer confirmed the main variances as outlined in Paragraphs 4.3 and 4.4 of the report. He confirmed that a more favourable £422k was being reported with the variances including the capitalisation of Levelling Up project management costs; Chief Executive Officer vacancy and an unfilled Group Head post.

Turning to the General Fund Capital Programme, the table 2 at Section 4.5 of the report revealed the slippage from the final capital programme outturn which predominately related to the Levelling-Up Fund projects at Littlehampton and Bognor Regis.

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As there were no comments or questions asked, the Committee noted this report.

236. CONSOLIDATED COUNCIL AND POLICY & FINANCE COMMITTEE BUDGET MONITORING REPORT TO 30 JUNE 2024

The Group Head of Finance and Section 151 Officer introduced his Budget Monitoring Report covering Quarter 1 for the financial year 2024/25 and the period up to 30 June 2024, appraising the Committee of its revenue and capital budget forecast and the Council's consolidated General Fund Revenue, Capital and Housing Revenue forecast against the 2024/25 budgets approved by Council on 21 February 2024. The Committee was being asked to consider the report and provide Officers with any comments.

The first part of the report presented the Quarter 1 forecast for the financial year 2024/25 and included a consolidated Revenue Budget summary; Housing Revenue Account (HRA) summary; and Consolidated Capital Programme summary. The Committee's financial report as of 30 June 2024 for the Quarter 1 period had been attached to the report at Appendix 1.

The following was reported:

- On the consolidated Revenue Budget there had been underspending by £94k
- A structural budget deficit remained with a projected £3.5m contribution required from reserves to plug the budget gap
- The approved savings across Service Committees had been provided showing a savings total of £1.535m.
- A risk of whether the Council could deliver those savings existed.
- Information had been provided on variances. A continued funding pressure identified on homelessness expenditure despite receiving additional Homeless Prevention grant funding..
- Salary variances were still high because of agency staff particularly in Finance and Legal, though this figure had been offset by employee underspends in Revenue and Benefits and within the Housing & Wellbeing Committee.
- Investments continued to perform above expectation.
- General Fund Capital Programme headlines included slippage from 2023/24 moved into 2024/25 budgets. As the variance figure was at Quarter 1 (end of June 2024), more work had been undertaken since to determine profiling on key major projects and so additional information would be brought to the Committee's next meeting in December 2024.
- Turning to the HRA, the table showed a revised full year forecast surplus of £863k against a budgeted surplus of £532k. The key objective remained to ensure HRA reserves were at a sustainable level.
- The forecast end of year HRA reserve balance showed an increase to £1.47 m from an opening position of £608k. There were substantial risks

attached to this forecast such as insourcing repairs from the main repairs and maintenance contract and increasing management costs. The Housing and Finance teams had invested much resource into managing and monitoring the HRA budget to ensure that it remained on track. A clearer picture would be provided at Quarter 2.

- The HRA Capital Programme's forecast outturn was £11.7m against a revised budget of £26.9m and included slippage from the previous financial year. The £3m decarbonisation programme required externally matched funding before commencement. The Group Head of Housing was in the process of submitting a bid to the Warm Homes Fund. Other projects such as stock development and sheltered accommodation were subject to further feasibility studies and would result in a reprofiling of the budget.
- Table 1 for the Policy & Finance Committee Revenue budget detailed the 2024/25 forecast revenue budget outturn at the end of Quarter 1 and anticipated an underspend of £156k. This listed the significant variances.
- Group Heads' underspend of £107k was attributed to the deletion of the Group Head of Wellbeing & Communities' position. The Chief Executive £55k underspend related to the incoming CEO taking up post four months into the new financial year.
- Table 2 at Section 4.6 of the report detailed the Committee's General Fund 2024/25 forecast capital programme outturn at Quarter 1 for the Alexandra Theatre and Littlehampton Seafront projects.

The Chair invited questions from Members. The first question related to housing service repairs and since the Council had insourced this service, when would Members be able to review progress in terms of how this had impacted residents in terms of quality of service and whether this was worth replicating in other areas of the council. A question was asked around the £2m reserve HRA target and did this need reviewing, was this a suitable level of reserve? In response the Group Head of Finance and Section 151 Officer confirmed that the Group Head of Housing would be presenting the latest review of the HRA Business Plan to a future meeting of the Housing & Wellbeing Committee. Responding to the repairs and maintenance contract, time would tell as to its success, a clearer idea would be seen towards the end of the financial year. In terms of service performance, the Director of Environment and Communities confirmed that some analysis work could be undertaken. She could confirm that the in-house arrangement was working better, whether this meant that this arrangement should be rolled out for other contracts, was another issue as the market in other contracts was very stable and other contracts were performing well and efficiently. Also, the Council had to look at the cost of providing services which would likely cost more if the Council chose to insource. Contractors such as Biffa and Inspire Leisure were specialists with many centres meaning that their buying power was substantial.

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Concern was raised over the capital slippage on the HRA, especially in relation to sheltered accommodation and whether there was any chance of this money being spent in this financial year so that work could progress. The Director of Environment & Communities confirmed that a response would be provided in writing. The questioner repeated his grave concern over this delay and that reprofiling would need to take place when feasibility works commenced.

An update was requested on the Bersted Brooks project. The Group Head of Environment & Climate Change confirmed that progress had been impacted by other projects such as the Littlehampton Seafront Project, causing slippage. The budget would feed into the next financial year.

Further concerns were expressed over project slippage and whether there were other areas that needed investigation such as project management and how projects were managed in terms of their forecasting and budgeting. A suggestion was made that the Council's internal processes in relation to project management required investigation. The Director of Growth responded. He confirmed that Officers would agree that improvements needed to be made and that there needed to be better understanding of potential expenditure, however there were all sorts of reasons why slippage occurred. A piece of work to develop this would be to have an enhanced understanding on expenditure as projects developed to achieve a realistic timeline whilst also looking at better ways to present information around projects. A positive to confirm was that the Council was doing a lot, and that there were many projects to take forward using limited existing resources.

237. ANGMERING SPORTS HUB PROJECT

The Principal Landscape and Projects Officer presented a report providing a further update to Members on the Angmering Sports Hub project since the committee's last update received in July 2024. At that meeting the plans had been presented prior to the public consultation exercise. The report included the results of the public consultation that had been undertaken between 12 July and 2 August 2024 which had been attached to the report at Appendix 1. The updated plans following the public consultation had also been attached showing how they had been adjusted in response to some of the comments received.

The RIBA Stage 2 concept design had been generally supported at public consultation. Appendix 2 of the report set out the concerns raised and the responses that had been provided to those concerns. Where concerns had been raised, options to address these had been considered as part of the Stage 3 design process and the report listed the changes that had been made to the design where they had been deemed practical and proportionate. These were also read out to the Committee.

The revised plans had been shown in Appendix 3 and included a site layout, building layout and building elevations. Larger copies of these plans were also circulated to the meeting, and it was confirmed that these would be shared with stakeholders and added to the Council's web site. The Committee was being asked to endorse the updated designs following the public consultation and its subsequent submission as a planning application.

The recommendation was then proposed by Councillor Stanley and seconded by Councillor Andy Cooper.

A range of questions were then asked by the Committee. The first was whether any funds would be received via the Football Foundation. It was confirmed that a meeting with the Football Foundation was taking place soon and that discussions were ongoing regarding their funding application programme/process. The amount of Section 106 funding allocated to the project was approximately £3m with £2m received. A business case would be developed in due course to support the delivery of the project, including funding and phasing options which would be presented to a future meeting of the Committee in 2025 setting out options for the delivery of the project through phasing and how any other required funding might be obtained through borrowing, if not secured by some other source. Work was also underway looking at other sporting organisations in terms of funding.

The Committee outlined its thanks to the Principal Landscape and Projects Officer and the project team for the positively received public consultation exercise and the responding adjustments made to the plans. The residents of Angmering were desperately looking forward to this project and so a realistic understanding of the financing position and timelines was requested. The Principal Landscape and Projects Officer confirmed that work on site could commence in Spring 2026, assuming that funding was in place.

Following some further discussion,

The Committee

RESOLVED

That the design updated following public consultation and its subsequent submission as a planning application be endorsed.

238. LITTLEHAMPTON SEAFRONT PROJECT

The Principal Landscape and Project Officer provided Members with a further update on the Littlehampton Seafront Project since the last update provided at the Committee's meeting held in July 2024.

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Several planning conditions had been attached to the approval granted in December 2023, including three pre-commencement conditions relating to surface water drainage, the archaeological programme and construction management plan. The Principal Landscape and Projects Officer confirmed that the wording of the drainage condition had been varied via a Non-Material Amendment (NMA) application to enable demolition work to commence, while final drainage details were being agreed. Two pre-commencement conditions had been discharged with the surface water drainage nearing sign-off. Changes to the approved design following the value engineering process would require a further NMA application to be submitted. Work on site had commenced in September and had involved activities associated with utility service disconnections and diversions. The removal of asbestos from the toilet block had taken place ahead of demolition and the sorting through of the different materials for recycling was taking place.

In the next few weeks Neilcott Construction would be preparing foundations for the new toilet block and opening the ground for next stage which was preparing for the construction phase. Updates would continue to be provided to the Committee.

The Committee thanked the Principal Landscape and Projects Officer for her update and were pleased to hear that work had started on site and that the project was proceeding within budget. A question was asked about the impact of value engineering on the project and what might change consequently. The Principal Landscape and Projects Officer confirmed that she thought that an update on this had been provided to Members at the last meeting of the Committee. She stated that she would investigate this and respond to the Committee in writing.

An update was requested on the Harvester site with the Director of Growth confirming that a written response would be provided.

239. THE REGENERATION OF THE ALEXANDRA THEATRE, BOGNOR REGIS - PROGRESS REPORT

The Committee received a joint report from the Director of Growth and the Chartered Development Surveyor/Project Development Manager. The Chartered Development Surveyor/Project Development Manager had joined the meeting virtually to assist with responding to questions asked by the Committee.

The report provided a further update on the progress of the regeneration of the Alexandra Theatre and sought the Committee's agreement for a revised budget to reflect cost pressures.

The Director of Growth provided a detailed presentation and explained the recommendations to the Committee which if approved would be recommended to Full Council on 6 November 2024 for final approval.

In terms of delivering the project, the Director of Growth was pleased to confirm that the contractors were due to commence on site earlier in the day to install the security fencing and start their on-site preparatory work. This would be followed by the removal of asbestos ahead of the demolition of those parts of the building being removed in early December (subject to the outcome of the recommendations being proposed).

The second part of the report related to the financial challenges associated with delivering the project. The Committee was reminded that the economy had, over the last few years, weathered several challenges including the ongoing war in the Ukraine and the associated energy crisis. The annex to the report set out the impacts on the cost of delivering capital projects, especially the substantial rises in the cost of construction materials over the last 3 years. In addition to this, contractors were demonstrating an increased unwillingness to absorb high levels of risk. There had been several high profile contractors running into financial difficulty resulting in the sums set aside for contingency purposes having increased.

The Council's new contractors, Neilcott Construction, had been carefully pricing the cost of the various works required and this work has been subject to constructive challenge by the Council's in house team, Max Whitehand, Project Manager and Mace, specialist advisors. This very detailed work had revealed that the cost of delivering the proposed scheme was not immune from both the cost inflation over the last few years but also the increased aversion to high levels of risk. This had placed more pressure onto budgets and clients (the Council) to absorb the increased level of risk.

This demonstrated that the budget in place was no longer sufficient to deliver the project as originally agreed and so the Council had a few options to consider. The Director of Growth explained each of the options available. The first was to agree to increase the budget for the project which was estimated to be an increase by approximately £3m. This would be made up of an additional £1m, for core costs that were known, plus an additional £2m for contingency purposes given that the existing contingency funds had been absorbed into the known core project costs. It was hoped that the contingency funds would not have to be used, however, the Director of Growth could not provide any firm guarantee. To help mitigate this issue, it was proposed that the Council retained the contingency fund rather than it being included in the main contract as was normal practice. This meant that the contractor would have to request the drawing down from these funds if necessary.

If the Committee decided that it did not wish to increase the budget, then the alternative options and a financial appraisal on cost had been clearly outlined within the report. This included modifying the scheme to fit the existing budget, meaning a substantial reworking of the scheme would be required which would not necessarily result in the delivery of the previously agreed outcomes. At the same time, this would delay the project substantially. Alternatively, the Council could decide to abandon the project subjecting it to severe reputational risk; abortive costs and the probability that Levelling Up grants already received would have to be repaid to Central Government.

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The Director of Growth stated that it was also worth the Committee understanding that any decision not to proceed with this scheme would leave the theatre in a position where to make it operational would require some funds to be spent.

In taking all the facts presented, the recommendation of officers was for the Committee to recommend to Full Council that the budget be increased by the recommended amount of £3m.

Before inviting questions and debate from the Committee, Councillor Stanley proposed the recommendations which were seconded by Councillor Nash.

In discussing the report, a number of concerns were raised by Members. At the commencement of this project, its initial delivery had presented a challenging scenario. Back in autumn 2022, the then Leader of the Council, Councillor Gunner, had attended numerous meetings with the then Project Officer, where the first request to increase the budget had been made. That had been a challenging and difficult decision for the Council to make and at an early stage of the project but had been pursued based on a very clear promise that no further additional funding would be required. Now Councillors were being told that a further £3m was required which did not paint the council in a positive light. There were reputational risks in not proceeding but that same risk was present if the Committee opted to agree the recommendations proposed. Another concern was that that Councillors were being approached with this request whilst having to be mindful of the need to make savings across the Council. If the Committee chose to support the Officer recommendations, it would be subjecting the Council to financing these costs at a sum of £175k per year over a 50-year period.

This was a very difficult decision for Members to make. Whilst they wanted the project to proceed, they had to determine if proceeding was worth subjecting the Council to long-term borrowing. Comments were made that in terms of the near to £15.8m budget in place, the Council should be able to deliver this project and if this was not the case, then there would be further discussions that would need to be had urgently. The point was made that £3m was a lot of money that could be spent on other projects, such as the Angmering Sports Hub or projects elsewhere in the district such as Yapton and other developments elsewhere. There was not enough confidence that there would not be more financial requests made moving forward.

Other Councillors spoke in strong support of the recommendations, highlighting that the inflationary pressures and other factors explained had impacted the construction market in the last 2 years and had drastically increased costs industry wide in delivering projects. This industry uncertainty was a national issue, and the Council was now experiencing the consequence of those pressures. The people of Bognor Regis and the wider community had been promised an upgraded theatre with new facilities and would feel very aggrieved if this could not be delivered. Retaining the suggested forecast contingency funds within the Council's control would provide an added layer of budgetary control. The project still represented value for money and the recommendations should be supported. Members were reminded of the potential benefits that the project would bring not to just Bognor Regis but the wider local

economy. The theatre and the new facilities would be a creative hub that could be used for education and training and would be a catalyst for district cultural vision attracting national attention and thereby improving the culture and digital offering for the district.

Moving forward with the debate, concerns were expressed over the value engineering process mentioned which would bring the project back on track financially and did this mean an amended project? The Director of Growth explained the difference between value engineering and redesigning the scheme. Value engineering aimed to deliver the same outputs and outcomes by adjusting and utilising different materials as opposed to making fundamental changes to the core scheme. An alternative option could be to redesign; however, this would not be a quick process and would require the need to halt the project at this stage to include the demolition works scheduled to commence on 4 December 2024. The Chartered Development Surveyor/Project Development Manager responded to the concerns raised over applying value engineering by explaining in detail the position; what this meant and that work to date had already carved out a massive amount of cost, whilst preserving the aesthetic look of the building. He hoped that this provided a level of reassurance that this approach would not impact what the project originally planned to achieve.

Other questions asked were whether the theatre operator had been consulted and updated on the value engineering works; was the Council continuing to support them financially; and were they pursuing their own fundraising programme. The Director of Growth confirmed that the council was continuing with regular engagement. In terms of responding to the other questions raised, he confirmed that he would happily provide a response outside of the meeting. In terms of the delays experienced, Members were keen to know if the Council had sought agreement from the government to any revised programme.

The Committee then confirmed that it was happy for two non-committee members to address the meeting. Councillor McDougall confirmed that he had two very technical questions that he would be happy to submit to the Director of Growth outside of the meeting. Councillor Goodheart spoke in support for and the need for progress to be made on that site urgently.

In summarising the debate, the Chair acknowledged that this was a very difficult situation and decision for Councillors to make and he reminded them of the key milestones that had been reached and the national circumstances that had developed leading to the situation the Council now found itself in. He confirmed that he did not want to see the project watered down and that he had felt reassured that solid plans were in place to control the costs through value engineering whilst still delivering the key themes of the project. This was a project that needed to be delivered, as promised, to the people of Bognor Regis. The Chair confirmed that discussions with the theatre company would continue and that to not support the increase in budget was not a favourable option in view of what had been spent to date and the unconfirmed amount of grant funding that would have to be repaid. He therefore encouraged the Committee to support the recommendations.

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Before turning to the voting on the recommendations, the Chair was advised by the Committee Services Manager that for the Committee to be able to continue past 9.00 pm, it was necessary for it to consider if it wished to extend the meeting for a further 30 minutes in line with Committee Procedure Rule 8 [Duration of Meetings]. This was proposed by Councillor Lury and seconded by Councillor Nash and on being put to the vote was approved by the Committee.

With the support of the Committee, the Chair confirmed that the voting on the recommendations would be split. Recommendation 2.1 would take place first with the voting on Recommendations 2.2 and 2.3 being combined. A recorded vote on Recommendations 2.2 and 2.3 was requested.

The Committee

RESOLVED – That

2.1 The revised programme milestone be noted, and that agreement be given that further updates will take the form of briefing notes circulated to all Members and future Committee reports will be limited to where a formal decision is required from the Committee; and

2.2 The Committee approves the addition of £3million to the Regeneration of the Alexandra Theatre project budget and includes this in the capital programme.

Those voting for this recommendation were Councillors Birch, Huntley, Lury, Nash and Stanley (5). Councillor Gunner voted against the recommendation (1). Councillors Andy Cooper, Alison Cooper, and Greenway abstained from voting (3).

The Committee also

RECOMMENDS TO FULL COUNCIL – That

(1) An additional budget provision of £3 million be included in the capital programme for the Regeneration of the Alexandra Theatre project; and

(2) The Council retains control of the contingency sums for the project and thus retains responsibility for funding any matters that fall outside of the agreed construction contract.

Those voting for these recommendations were Councillors Birch, Huntley, Lury, Nash and Stanley (5). Councillor Gunner voted against the recommendation (1). Councillors Andy Cooper, Alison Cooper, and Greenway abstained from voting (3).

240. OUTSIDE BODIES - FEEDBACK FROM MEETINGS - GREATER BRIGHTON ECONOMIC BOARD - 16 JULY 2024

The Chair alerted the Committee to his Outside Body Feedback report following his attendance at a Special Meeting of the Greater Brighton Economic Board held on 16 September 2024. The Chair confirmed that he had also circulated to all Councillors a presentation from the Board outlining plans for its mission to achieve net zero energy status by 2040, which the Committee noted.

The Chair also confirmed that a further meeting of the Board had taken place on 16 October 2024. At that meeting, the Board had been asked how it would react to the NHS Integrated Care Board becoming a member. He provided some information on the Board for the Committee's information.

A discussion took place presenting arguments for and against the Council continuing with its membership to the Greater Brighton Economic Board. This was in response to some concerns being expressed questioning Arun's benefit from its membership.

The Director of Growth confirmed that for any new organisation to be able to join the Board, it was necessary for each of the constituency members, in this case Arun was one, to undertake a vote to confirm its approval or otherwise. As the next meeting of the Committee was not taking place until 11 December 2024, it was outlined that this vote should take place now.

Councillor Nash then formally proposed that the NHS Integrated Care Board's membership to the Greater Brighton Economic Board be approved. This was seconded by Councillor Lury. On this being put to the vote, 3 Councillors voted for, 3 Councillors voted against, and 3 Councillors abstained.

The Chair confirmed that he would use his casting vote and voted to approve.

The Committee

RESOLVED

That it confirms its approval to the NHS Integrated Care Board becoming a member of the Greater Brighton Economic Board.

The Chair also provided an update on discussion that had taken place on a shared vision for devolution.

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241. WORK PROGRAMME

In receiving and noting the Committee's Work Programme for the remainder of the Municipal Year 2024/25, a request was made by Councillor Gunner to have added to it a report that would allow the Committee to debate the advantages and disadvantages for the Council in being a member of the Greater Brighton Economic Board.

(The meeting concluded at 9.17 pm)

Arun District Council

REPORT TO:	Environment Committee 19 March 2023
SUBJECT:	Combined Cleansing Services Contract
LEAD OFFICER:	Joe Russell-Wells, Group Head Environment & Climate Change/Oliver Handson, Environmental Services & Strategy Manager
LEAD MEMBER:	Cllr Sue Wallsgrove
WARDS:	All

CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:

‘Supporting our environment to support us’

Overall aims:

A) To consider climate change, sustainability, biodiversity and the environment in everything the Council is responsible for and encourage its community and local businesses to do the same

B) Protect and enhance our natural environment

C) Regularly review progress toward Arun's Carbon Neutral Strategy (2022-30) as set out in the annual Climate Action and Biodiversity Work Plan

How we will achieve this:

1) Working with our community improve waste reduction and recycling to meet future targets of 55% recycling rate by 2025 and 60% by 2030.

2) Ensure that climate change and sustainability is at the heart of all Council services

Corporate indicators

1) The level of public satisfied or very satisfied with the overall quality of the council's services

2) The level of customer satisfaction with the cleanliness of the District

3) CP12 - Number of missed refuse and recycling collections per 100,000 within contractual target (80 target)

4) CP 23 – Residual household waste per of household per annum (450 kg/hh target)

5) CP24 - Household waste sent for reuse, recycling and composting (50% current target)

DIRECTORATE POLICY CONTEXT:

Effective governance and management of key service contracts

FINANCIAL SUMMARY: The service recommendations in this report seek to minimise the future budgetary risk associated with the procurement and delivery of the CCSC. Current estimates indicate that the total capital costs will be £3,015,000, funded by DEFRA grants, external borrowing and contract savings. The total new revenue costs are expected to be £1,250,000 and DEFRA have indicated that these will also be

funded by a further grant. When ongoing DEFRA funding is received under the Extended Producer Responsibility scheme, which is expected to come into force in October 2025, the Council expects to be in a financially favourable position in comparison with current costs for the delivery of these services.

1. PURPOSE OF REPORT

The purpose of this report is to outline and recommend the scope of services to be provided under a new Combined Cleansing Services Contract (CCSC) to meet the requirements of the Environment Act 2021 and the Government's 'Simpler recycling' reforms.

The report recommendations will enable the Council to deliver its corporate aims and objectives as outlined in the Council 'Vision 2022-2026' document and support achievement of the stated 2025 target rate for recycling of 55%

2. RECOMMENDATIONS

2.1 It is recommended that the Environment Committee approves:

- a) The procurement of a new Combined Cleansing Services Contract based on the following changes to services provided under the contract:
 - i. A new weekly kerbside food waste collection with a supplied 5 litre internal caddie and 23 litre external caddie
 - ii. A fortnightly kerbside residual (refuse) waste collection from either a 240 litre or 180 litre wheeled bin
 - iii. Introduction of kerbside coffee pod, textiles and batteries collection services.
 - iv. The new service to commence from 1st February 2026.

- b) The inclusion of the following services as delivered under the current contract:
 - i. A fortnightly kerbside dry mixed recycling collection from a 240-litre bin.
 - ii. A fortnightly kerbside small waste electrical equipment items collection
 - iii. A fortnightly kerbside garden waste collection service (subscribers only)
 - iv. Street cleansing services
 - v. Public toilet cleaning
 - vi. A pay to use bulky waste collection service

- c) The award of the contract to the highest scoring bidder, based on the procurement strategy as set out in this report.

- d) Delegates authority to the Director of Environment & Communities to award the contract on the specified terms in accordance with the Council's Contract Standing Orders.

2.2 It is recommended that the Environment Committee notes:

- a) That the Group Head of Finance will approve and sign off a framework agreement for the procurement and roll out of residual bins and food waste caddies required to facilitate the new services.
- b) The principle of delivering the administration of garden waste subscriber services directly, based on the rationale provided in the report. The costs to providing this service will form part of a future budget report and will be offset through the commercial benefit of providing this service.
- c) That the procurement, scope and evaluation of this contract consists of:
 - i. An open tender procurement exercise.
 - ii. A contract term of an initial 8 years with an optional extension of up to a further 8 years.
 - iii. The tender evaluation strategy as set out in this report.

2.3 That the Environment Committee recommends to the Policy & Finance Committee that it recommends that Full Council approve:

- a) the addition of £1,820,000 to the Capital Programme in 2025/26 to fund the purchasing and delivery of food waste receptacles and purchasing of vehicles necessary to provide the weekly food waste collection service as part of the CCSC, to be funded by a grant received from DEFRA.
- b) the addition of £1.2 million to the Capital Programme in 2025/26 to procure and roll out either 180 or 240 litre residual bins for residents to facilitate a fortnightly residual collection service. This will be funded from borrowing if the Council is unable to secure further funding.

2. EXECUTIVE SUMMARY

The current Combined Cleansing Service Contract (CCSC) expires on 31st January 2026. To successfully procure a new contract within this timeframe, a Committee decision is required now in order to inform the strategic direction and scope of the new CCSC.

3. DETAIL & BACKGROUND

3.1 Current contract

3.1.1 The Combined Cleansing Services Contract provides waste collection & street cleansing services for the District. The current contract with Biffa is part way through a three-year extension which ends on the 31st January 2026. The Environment Committee agreed this extension on the 19th May 2022. In line with the Council's standing orders and procurement legislation a new contract must be procured to commence on 1st February 2026.

3.1.2 The current contract provides:

- A weekly residual kerbside waste collection from sacks
- A fortnightly dry mixed recycling kerbside collection from a 240 litre bin
- A fortnightly subscriber based kerbside garden waste collection from a 240 litre bin and the administration of the subscriber service
- A fortnightly kerbside collection of small waste electrical items
- A pay to use bulky waste collection service
- Street cleansing services which include public toilet cleansing, street litter and street litter bin and dog waste bin emptying

N.B the Council operates a free to use subscriber based clinical waste collection service. This operates under a separate countywide framework contract and does not form part of the CCSC or this recommendations in this report.

3.1.3 The Council's most recent confirmed annual recycling rate is 42.93% of which approximately 25.33% is dry mixed recycling and 17.60% is garden waste.

3.2 'Simpler recycling' & the move to food waste collections

3.2.1 In November 2023 the Government announced a series of measures to promote 'Simpler recycling' reforms for households and businesses introduced through the Environment Act 2021 (see 4. background papers). The most significant requirement of this announcement was that all Councils will need to introduce a weekly food waste collection service for all households from 1st April 2026.

3.2.2 In January 2024 the Department for the Environment, Food and Rural Affairs (DEFRA) provided details for the capital and ongoing revenue financial support it would provide for local authorities to introduce food waste collections (see Appendix 1). Arun were awarded £1,665,840, which is an accurate reflection of the likely capital costs (vehicles and receptacles) for introducing this service based on current cost modelling.

3.2.3 At their meeting on the 19th May 2022, Members of the Environment Committee agreed to the principle of introducing a weekly food waste collection and moving to a fortnightly residual collection from a supplied bin in the current contract – should clarity be provided by government and funding confirmed. The requirement for implementation and timing of weekly food waste collections now sits neatly alongside the procurement of a new CCSC to start from 1st Feb 2026.

3.3 Recommendations for services provided under a new CCSC

3.3.1 To deliver on aims and objectives of the Council's own corporate Vision and targets for recycling rates of 55% by 2025 and government mandate to introduce food waste collections from March 2026, the following service specifications are recommended to form part of the Council's CCSC service procurement:

1. The introduction of a weekly kerbside food waste collection (internal 5 litre caddy, external 23 litre caddy as used in the 1-2-3 trial)
2. The move to a fortnightly kerbside residual waste collection from either a 180 litre or 240 litre bin to be provided
3. Continuation of a fortnightly dry mixed recycling kerbside collection from a 240 litre bin

4. A fortnightly kerbside garden waste collection only, with in house administration of subscriber based services (see business case in Appendix 2)
5. Continuation of a current fortnightly kerbside small waste electrical items collection
6. Provision of a new market led 'podback' collection service
7. Continuation of a pay to use bulky waste collection service
8. Street cleansing services with no discernible change, but specifications updated in line with current legislation/guidelines and local needs

3.3.2 The contract will include the obligation to collect coffee pods through the 'Podback' recycling scheme, textiles, and batteries. The Specification will mandate bidders to propose collection solutions that are cost-effective and ensure the retrieval of high-quality goods in accordance with Health and Safety protocols.

3.3.3 Arun will be working alongside West Sussex County Council (WSSCC) as the disposal authority to introduce solutions to soft plastic recycling which will be required in future years. This will take significant volume of waste out of the residual stream.

3.3.4 Depot space will continue to be provided through a lease at market rent at the Council's depot in Harwood Road Littlehampton. The depot is conveniently located for services across the district and close to the Ford Materials Recycling Facility (MRF). The vast majority of staff employed on the contract either walk or cycle to work to ensure a low carbon footprint and local employment base/social value. The depot is currently undergoing improvements and expansion funded through the current contract to facilitate the need for food waste collection services. Delegated Authority is with the Group Head of Technical Services to enter into this lease. If the Council did not offer this facility the cost of the successful contractor providing a new depot facility would cost an estimated £6 million pounds.

3.4 Procurement, market engagement and tender evaluation

3.4.1 With the support of Hampshire County Council's procurement lead, an early market engagement exercise was undertaken which sought industry guidance to inform key elements of the services and scope of the contract. This included;

- Term of the contract
- Bin size/containerisation option
- Achieving recycling targets
- Delivering food waste collections
- Vehicle, fleet & fuel options
- Key performance indicators
- Financial modelling
- Mobilisation requirements
- Social value

Four of the main recognised industry providers responded to the market engagement. Recommendations within this report are supported by the results of this exercise.

3.4.2 In summary, the principle aim of this contract procurement is securing the best deal which balances the Council's financial position, delivers the mandate from

government, enhances the Council's green agenda and continues to deliver a good service for residents.

The procurement strategy is to acquire the most economically advantageous bid from the market, based on alignment with the Council's strategies and on commercial information gleaned from a market engagement exercise. All of which need to align with the procurement contract regulations.

3.4.3 The procurement will be an open tender in line with procurement regulations and the Council's standing orders, with technical requirements and price evaluated to ensure costs are driven down and quality outcomes driven up. Quality areas being included and evaluated are staffing, vehicles, recruitment and retention, environmental initiatives and awareness, reporting and partnership working, service delivery and involvement and alignment with local strategies, which are in addition to health and safety and other regulatory requirements. Costing models are being explored with Hampshire CC procurement to ensure that the best value for money is obtained.

3.4.4 Due to the nature of the contract and potential contract length, consideration will need to be made around potential changes in requirements throughout the term of the contract so flexibilities will need to be factored into the specification and contract terms.

3.5 Financial implications

3.5.1 The CCSC is a high value contract of currently £8 million per annum. With any contract procurement there is a potential risk to the Council in respect of these costs escalating. To minimise this risk, the service recommendations and procurement strategy for this contract outlined 3.4.2 above will seek to balance quality of service vs price vs key objectives and available budget accordingly.

3.5.2 Based on previous modelling, the estimated indication is a saving of £500,000 annually, from moving from the current weekly residual to a fortnightly residual collection service. There is an initial capital outlay estimated at £1.02 million for the purchase of residual waste bins to support the move to a fortnightly residual collection. There will also be distribution costs for the delivery of bins to consider in 2025/26, with an estimated cost of £175,000.

3.5.3 DEFRA funding of £1,665,840 has been allocated to the Council for the capital elements of the weekly food waste collection service i.e. procurement of internal/external food waste caddies (est. £590,000) and food waste vehicles (est. £1.08 million). The funding provided is therefore an accurate reflection of the anticipated costs.

3.5.4 The transitional and ongoing revenue/resource grants awarded by DEFRA for food waste have not yet been calculated by DEFRA, although it has been confirmed that funding will be provided to cover costs based on industry modelling similar to that used to calculate the capital cost allocation (see Appendix 1). As the Council's calculations for capital costs are considered accurate there is confidence that the revenue calculation will be reflective of the likely costs incurred. The ongoing revenue cost (staffing/fuel and on costs) is anticipated to be in the region of £800k-£1.25 million per annum. There will also be a future cost for distributing food waste caddies estimated at £125k, which is expected to be funded by the transitional revenue grant.

3.5.5 The administration and control of the subscriber element of the garden waste service provides a beneficial opportunity for the Council. This is currently provided by the incumbent contractor in the form of the 'green waste club' under the terms of the contract. The Council has the opportunity to take this service back in house at the end of the current contract period. The rationale for this is included at Appendix 2 of this report with a full project scope to be developed in the next twelve months. Controlling the subscriber element of the service would allow the Council to set fees and receive income for the service and provide direct customer service to subscribers. Any surplus would be reinvested back within Cleansing services.

3.5.6 Extended Producer Responsibility (EPR) is one of the key waste reforms of the Environment Act 2021 and will see the producers of packaging having to pay towards the costs of Local Authorities in dealing with this packaging. The mechanism for these payments is yet to be determined. Government consultation confirmed that *"Payments to local authorities for the cost of managing packaging waste generated by households (both packaging waste that is collected for recycling and packaging waste disposed of in residual waste) will be made under the packaging Extended Producer Responsibility scheme"*.

Collections from "Street Bins" i.e. litter bins are included within collection schemes (described as on-the-go packaging). However, any costs of litter collection are not included.

Contributions will be factored on authorities having an 'efficient and effective service' – i.e. those authorities that are seeking to maximise recycling of materials will likely receive a greater share of funding available.

3.5.7 A summary table of the financial considerations is provided in section 6 of this report.

3.6 Weekly food waste collections & fortnightly residual collections

3.6.1 Over 42% by weight of the residual waste composition in Arun is food waste. This has been determined by previous waste composition analysis undertaken in advance of the Council's 1-2-3 food waste collections trial.

3.6.2 Weekly food waste combined with weekly residual waste collections are inefficient, uneconomic and unviable. The Local Government Association support this view. A weekly food waste/weekly residual waste is the most expensive collection option for the authority. Introducing a new weekly food waste collection service and retaining the same residual waste frequency and capacity, reduces the need for residents to make any use of a food waste collection service. It also removes the need to utilise the dry mixed recycling collection service.

3.6.3 If collected separately food waste can be processed via anaerobic digestion which is a much more efficient and environmentally friendly way of processing and provides higher value end products in the form of biogas and fertiliser. A reduction in food waste is generally seen in other authorities where food waste collections have been operating for a period of time, as residents change behaviours. Environmentally this is the best outcome. As the disposal authority, West Sussex County Council will be in a position to

accept and treat food waste via an approved reconfiguration to the current Mechanical & Biological Treatment (MBT) plant near Horsham.

3.6.4 The provision of a 240 litre residual bin for a fortnightly collection provides more than enough capacity for a fortnightly collection service and could allow the council to move to a 1-2-3 collection service in future as it provides sufficient capacity for a three weekly residual collection in almost all circumstances, as proven by the 1-2-3 trial. Recycling performance estimates for this option are 53%. With the likely introduction of soft plastics as a core recyclable material to be collected from 2027, this reduces the need for such residual capacity.

3.6.5 The alternative option of provision of 180 litre residual bin for a fortnightly collection would limit residual capacity and further drive the Council's recycling performance estimated 57% plus and encourages the right behaviours with residents to make best use of available recycling and weekly food waste collections. This will reduce future pressure to move to a 1-2-3 collections model, although a three weekly residual service could still work with a 180 litre bin.

3.6.6 Currently the Council does not provide residual waste bins. Sacks are left on the kerbside which does provide problems in respect of street cleansing due to the interference of seagulls/foxes. The provision of bins for residents is essential for moving to a fortnightly residual waste collection and will be a significantly positive step for residents.

3.6.7 In areas where it is physically not possible to have a wheeled bin for each resident, bespoke solutions to provide residual capacity and/or alternate frequency will be investigated and determined. Smaller bins such as 140 litre could also be provided on demand for properties that generate very little waste.

3.6.8 The Council previously operated a very successful 1-2-3 trial for 1,350 properties. Participation 85%+ and satisfaction 85% for food waste collections and 73% for three weekly residual collections was very high for the trial. This proves without doubt the majority of residents would make use of a weekly food waste collection and accept reduced frequency residual waste collections.

3.6.9 Currently residents receive 78 core collections per year (52 residual & 26 recycling). Under the proposals in this report residents will receive 104 collections per year (52 food waste, 26 residual & 26 recycling)

3.6.10 It is not intended that the Council will supply caddie liners to residents for food waste collections. The provision of caddie liners was withdrawn from the 1-2-3 trial and had no impact on participation/satisfaction.

4. CONSULTATION

4.1 The Government has been consulting on waste reforms previously known as 'consistency in collections' and subsequently rebranded to 'simpler recycling' for the last 4 years. All sectors of the industry have been invited to submit representations on these proposals.

The West Sussex Waste Partnership which consists of West Sussex County Council and the collection authorities from across West Sussex have responded to each round of government consultation.

4.2 Consultation and resident engagement was undertaken as part of the Council's 1-2-3 collections trial. A summary is provided in the background papers '1-2-3 trial update' and in 3.6.8 above

4.3 Previous committee reports on the 1-2-3 trial and the CCSC have highlighted the key principles of waste reforms and service delivery options to members. Members of the Environment Committee were also invited to a tour and presentation on the waste arrangements in West Sussex and future strategy at the Ford Materials Recycling Facility in Sept 2023. An open briefing on waste reforms was held for members on the 5th March 2024.

4.4 Early market engagement. The Council sought the views of the main industry suppliers in respect of multiple aspects of the scope and direction of this contract procurement as outlined in 3.4.1 above.

5. OPTIONS / ALTERNATIVES CONSIDERED

1. Retention of a weekly residual service/service from sacks – not considered a viable option because of the requirement to introduce separate weekly food waste collections as outlined in 3.6.2. of the report.
2. Three weekly residual service – This a not a frequency currently supported by government under 'Simpler recycling' reforms. Without the inclusion of Absorbent Hygiene Products Collection (AHP) collection, see below in 3, a three weekly collection could be a significant challenge for families. Whilst this would drive recycling rates to the highest level, it is operationally more challenging and would be very resource intensive from a planning and project perspective rolled out for all 76,000 properties. Based on previous cost analysis a three weekly residual service does not offer a significant financial saving compared to two weekly residual collections, estimated £100,000. The provision of a 180 litre residual bin as opposed to a 240 litre residual bin would further drive recycling performance therefore reducing the need to move to a three weekly residual service, although this would remain an option in future.
3. The inclusion of an Absorbent Hygiene Products Collection as a potential bolt on service as per the 1-2-3 trial. This would incur significant additional costs estimated between £500-750k and there is no current funding incentive or necessity with a fortnightly residual collection to provide this.
4. 140 litre residual bin as standard with fortnightly residual collection. Is considered a small capacity and would not allow the potential move to a three weekly service in future.

6. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER

6.1 The service recommendations in this report seek to minimise the future budgetary risk associated with the procurement and delivery of the CCSC. The costs are summarised in the table below.

Item/service	Cost/saving	Funded
Capital		
Food waste caddies internal & external purchase	£590k purchase cost	DEFRA capital funding allocation – received
Food waste caddie delivery costs	£125k cost (one off cost)	DEFRA Transitional funding
Food waste vehicles	£1.08 million cost	DEFRA capital funding allocation - received
Residual bins purchase	£1.02 million cost	ADC capital budget. Any borrowing costs offset by annual contract saving
Residual bin delivery costs	£175k cost (one off cost)	ADC capital budget, offset by annual contract saving
Revenue		
Food waste collections	Est. £800k-£1.25 million per annum cost	DEFRA revenue funding allocation
Move to fortnightly residual collection	Est. £500k saving per annum	N/A
Other Core contract services	Est. £7-7.5 million per annum cost	Existing allocated contract revenue budget. In part also subsidised by future Extended Producer Responsibility payments Garden waste subscription service to part offset ongoing revenue cost

6.2 It is difficult at this stage to quantify, but it is expected that the Council will be in a financially advantageous position once the contract has been re-let. It is estimated that the move to fortnightly collections could generate an annual saving of £500,000 although some of this may be needed to fund residual bin delivery costs and the borrowing costs associated with the purchase of new bins. An additional income stream is also expected once the Extended Producer Responsibility scheme is introduced next year but no indication has yet been given as to how much this might be.

6.3 DEFRA have already provided this Council with a grant of £1,665,840, which will fund a majority of the contract's capital expenditure requirement. They have also indicated that further grant payments will be forthcoming to fund other transitional and revenue running costs associated with Food Waste collections. If the level of funding is lower than anticipated a further report will be brought to Members outlining options to fund any shortfall.

7. RISK ASSESSMENT CONSIDERATIONS

There are many procurement and contract mobilisation based risks which will be fully assessed as part of procurement process. One of the most significant risks concerns the lead in times for the procurement of vehicles/receptacles for food waste collections. The Council has sought to maximise the mobilisation period (12 months) for this contract within its procurement timeline to allow for this. However, there remains a risk due to national demand/supply chain capacity associated with 1st April 2026 requirement for all authorities to introduce food waste collections. It is therefore imperative that Members take a decision on the future configuration of services now, in order to reduce risks as far as reasonably practicable associated with cost, procurement delivery and purchasing.

Business continuity and contingency plans will be reviewed and considered as part of the tender process, evaluation and mobilisation. The worst-case scenario is that the roll out of food waste collections may be delayed at the start of the new contract depending on the capacity of national supply chains for vehicles and waste receptacles. Members will be updated as required.

Whilst it is not known what the implications from Government may be for not rolling out weekly food waste collections from March 1st 2026, it is considered likely that leeway will be provided if evidenced plans are in place to make this transition at the earliest opportunity available. It would be a significant risk for Members not to endorse a weekly food waste collection/reduced frequency residual collection from the start of the new contract. This risk would extend to reputation, performance, statutory compliance and the procurement/contractual/financial risk of then introducing a forced change to services part way through a contract.

8. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

8.1 Legal Support is to be provided by the Council's external solicitors given the size of the project and the specialist legal support required.

8.2 The Council's Contract Standing Orders state that where the value of a contract is to be above the UK Threshold, as this contract is, the following apply:

- Where not already in existence Committee approval of the budget to be obtained prior to the commencement of any procurement process and at the same time Committee approval to award the contract if bids/returns come within budget.
- Procurement to be consulted prior to the commencement of any procurement activity

to determine the method of procurement, advise on tender documentation, agree the procurement timetable and the most suitable criteria for evaluation and award of contract.

- Legal Services to be consulted prior to the commencement of any procurement activity in relation to contractual terms.
- Procurement Pro-forma to be completed by officer and signed off by the Council's Procurement Officer [Hampshire CC] agreeing approach and methodology to be used.
- Procurement Pro-forma to be retained on contract file.
- No Committee decision is required at the pre-award stage unless the proposed contract's value is in excess of the approved budget.

All of these requirements are in hand, either internally under delegated authority to the Group Head of Environment and Climate Change or through authorities requested through the recommendations within this report.

9. HUMAN RESOURCES IMPACT

Transfer of Undertakings Employment Protection rights (TUPE) implications considered as part of the procurement process and contractual terms and conditions. As services are contracted out, TUPE would be applicable between the incumbent contractor and any new contractor. This also potentially applies to any services transferred between the contractor and the Council. The HR implications of the delivery of subscriber services will be fully considered as part of the project management for this project.

10. HEALTH & SAFETY IMPACT

Health & Safety management for services delivered under the contract subject to a robust pass/fail assessment at tender evaluation stage.

11. PROPERTY & ESTATES IMPACT

The lease of the Council's depot at Harwood Road. The Group Head of Technical Services has delegated authority to issue a lease at appropriate market rent to run concurrently with the contract and any extension periods.

12. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

An EIA is provided in Appendix 3.

Social value of the procurement/contract will be assessed at tender evaluation stage

13. CLIMATE CHANGE & ENVIRONMENTAL IMPACT

These are key considerations in the award and future delivery of the CCSC. Scope 3 emissions (supply chain) make up 91% of the Council's indirect CO2 emissions. Within this Biffa is the largest single emitter

It is therefore important to minimise as far as reasonably practicable the environmental impact of the procurement and delivery of the CCSC. Bidders are in a strong position to outline innovation in respect of tackling climate change through delivery of this contract.

In order to achieve this, advice has been sought from the Council's Climate Change and Sustainability Manager concerning the procurement and evaluation of bids and initiatives and impacts relating to sustainability and Co2 emissions. They will also be directly involved in the assessment of the bidders environmental proposals and initiatives.

14. CRIME AND DISORDER REDUCTION IMPACT

N/A

15. HUMAN RIGHTS IMPACT

N/A

16. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

Contractual clauses/compliance with relevant FOI & DP legislation and requirement reviewed and advised on by legal representatives. Transfer of customer data from incumbent supplier associated with ADC delivery of garden waste subscriber service.

CONTACT OFFICER:

Name: Oliver Handson

Job Title: Environmental Services & Strategy Manager

Contact Number: 01903 737955

BACKGROUND DOCUMENTS:

1. [Report to Environment Committee 'Combined Cleansing Services Contract' 19th May 2022](#)
2. [Report to Cabinet 'Food waste & AHP collection services trial' 16th November 2020](#)
3. [Report to Environment Committee '1-2-3 food waste trial update' 20th January 2022](#)
4. [Link to government simpler recycling Government response - GOV.UK \(www.gov.uk\)](#)

Appendices

1. *DEFRA funding letter for the introduction of food waste collections*
2. *Garden Waste Subscriber Service rationale*
3. *Equalities Impact Assessment*

Arun District Council

REPORT TO:	Policy and Finance Committee - 24 October 2024
SUBJECT:	Regeneration of The Alexandra Theatre - Progress Report
LEAD OFFICER:	Karl Roberts – Director of Growth and Max Whitehand – Chartered Development Surveyor/Project Development Manager
LEAD MEMBER:	Cllr Lury – Chair
WARDS:	Marine / Hotham
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:	
Regeneration of key areas of the District and the promotion of Arts, Culture, Leisure & Tourism.	
DIRECTORATE POLICY CONTEXT:	
Regeneration and renewal of key Council assets. Promotion of arts and cultural activities. Promotion of tourist activity and the attraction of visitor footfall to Bognor Regis.	
FINANCIAL SUMMARY:	
The project budget is currently £15,780,000 comprising:	
£12,190,396 (levelling up fund grant), £3,000,000 (ADC contribution), £94,290 (UK shared prosperity fund), £82,000 (changing places toilet (CPT) – ADC contribution), £45,000 (photo voltaic panels – ADC contribution) £369k Council funded project management expenditure to date.	
Any additional expenditure will have to be funded from borrowing unless additional external funding is secured. Retaining the contingency fund within the Council’s control will provide an added layer of budgetary control but carries additional risks (see section 8).	

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to update members on the progress of the project to date and seek member agreement for a revised budget to reflect current cost pressures.

2. RECOMMENDATIONS

- 2.1 That the Committee notes the revised programme milestones and agrees that further updates will take the form of briefing notes circulated to all members and future Committee reports will be limited to where a formal decision is required from the Committee.
- 2.2 That the Committee approves the addition of £3 million to the Regeneration of the Alexandra Theatre project budget and includes this in the capital programme.

2.3 That the Committee recommend to Full Council that:

- A) An additional budget provision of £3 million be included in the capital programme for the Regeneration of the Alexandra Theatre project; and
- B) The Council retains control of the contingency sums for the project and thus retains responsibility for funding any matters that fall outside of the agreed construction contract.

3. EXECUTIVE SUMMARY

3.1 The Alexandra Theatre project was proposed as a potential scheme funded by the government's Levelling up Fund. Arun District Council were successful in their bid and secured £12.19M for the project based upon a high-level feasibility design. After the initial design phase, ADC added a further £3 million to the capital programme to help deliver the project. Since that time, inflationary cost pressures in the construction industry have continued to rise, which has led to an industry wide cost increase in delivering projects. This has also led to a number of long-established contractors going bust. As a result, contractors are understandably seeking to minimise the risks to themselves of exposure to further cost inflation and industry uncertainty. A summary of current construction market conditions is provided in Appendix A which sets this in context.

3.2 The following key milestones have been reached with the project to date:

- RIBA design stages 1-3 complete.
- RIBA design stage 4 now fully drafted.
- Purchase of the head lease from Whitbread.
- 2 public consultation exercises & ongoing communications engagement.
- Planning consent achieved.
- Procurement of a main contractor through a detailed tender process.
- Resignation of that contractor.
- Re-procurement & appointment of a new contractor.
- Managed exit of Arun Arts from the building.
- Completed license agreement with Arun Arts for granting ADC access.
- Intrusive survey works ongoing internally/externally of building.
- Detailed asbestos surveys completed across building.
- Internal structural surveys completed.
- Appointed contractor scheduled to complete all final survey/inspection work on site by mid-October 2024.
- Sub-contractor design packages (based upon RIBA3 design), tenders predominantly returned to contractor.
- Additional UKSPF grant secured (£94.3k) with an additional £30k potentially available subject to further investigation.
- Additional PV & CPT funding re-secured into 24/25 FY.
- Discharge of pre-commencement planning conditions now progressing well and to be finalised early Q3 24/25.
- Site set-up and logistics plan has now been finalised and agreed by all stakeholders, in anticipation of a Q3 24/25 start on site.

- 3.3 The project has lost programme time, as previously detailed due to a number of contributing factors both in the latter half of 2023 and early/mid part of 2024.

These matters being:

- The time and process required to tender and appoint two consecutive main contractors (one to replace the other).
- The lengthy discussions regarding the vacating of the Theatre by the operators, to reach an acceptable agreement.
- The resolution of matters relating to the discharge of planning conditions.
- The length of time currently being expended working with Neilcott Construction (who are the appointed contractor) finalising full detailed design. This involved the ratification and update of previous RIBA3 (in order to prepare full and detailed project costing via sub-contractor tender packages) and also drafting of full RIBA4 design, to then use this to cost, finalise and agree the project budget.

4. DETAIL

Alexandra Theatre - Programme / Progress

- 4.1 Planning Permission (with delegated powers) granted at committee on 6 September 2023. Drainage condition agreement reached Q2 2024, and planning approval decision notice now issued. As a minimum, fees and c.£180k of construction cost is forecast as attributable to ADC stipulated drainage works. With further detailed design resolution predominantly complete, it is anticipated that this pre-commencement planning condition will shortly be discharged.
- 4.2 Design stage RIBA4 is now completed in draft with detailed input from ADC and Neilcott design teams. This will help ratify and finalise programme, budget and cashflow and will also be used to inform main construction contract formation.
- 4.3 Further Intrusive ground conditions surveys have continued on site in various locations around the external perimeter of the building and also internally. A further deeper borehole is to be completed in October to inform final foundation piled design (this design adds further cost to the project but is necessary given make-up of sub-strata).
- 4.4 Additional asbestos surveys have also recently been completed internally/intrusively (this is the fourth set) in order to mitigate risk (resolution on this was reached in September 2024) ahead of the main contractor commencing on site as a full asbestos strip will be required ahead of the main demolition works being implemented.

- 4.5 The latest draft cost plan (including contingency sums) continues to sit outside budget envelope. Current estimates show that the cost of the majority of the works will be in budget (if current additional forecast contingency sums are absorbed; these will only be used if required). However, this does not account for a number of design matters that need to be resolved (and priced) and ancillary cost items such as project officer costs and running costs associated with the displacement of Arun Arts. With these ancillary costs factored in only a nominal contingency sum remains of the original amount. Whilst these forecast contingency sums are required to temper risk, these would only be utilised if the risks, costs and inflationary matters provisionally costed by the contractor came to fruition. It would, therefore, not be good practice to proceed with the project without these contingency allowances being in place.
- 4.6 Therefore, this report seeks members support to fund these additional contingency costs by adding £3million to the capital programme. From current forecasts it is anticipated that this would be split between £1 million in anticipated additional costs and a further £2 million of contingency.
- 4.7 To further mitigate this, a rigorous Value Engineering (VE) process is ongoing. It is also proposed that these contingency sums remain with the council rather than be incorporated into the construction contract, to give the council greater control over any potential use (although this approach does have risks – see section 8).
- 4.8 In terms of the programme, it is currently anticipated that the contractor will have started on site, with site set-up and hoarding in place and asbestos removal commenced by the time of this meeting. Demolition is anticipated to commence in the first week of December. There will be some abortive costs to cover if the council decided to stop or pause the project because of any budgetary issues related essentially to the contingency sums. There is also an issue regarding the repayment of the grant if the council decides to stop the project completely.
- 4.9 The complications that have needed to be worked through as detailed above now mean completion of the works are scheduled for Q2 2026. Therefore, discussions will now take place with Arun Arts on them starting their new programme shortly after this date.
- 4.10 These unforeseen delays also mean that the council needs to seek the agreement of the government to the revised programme. That request will be submitted shortly although the government have indicated that they will not make any decision on such a request until after the October Budget. Any implications arising from the Budget will be reported at Full Council on 6 November 2024, if necessary.

- 4.11 Utilising our project Comms & PR consultants DevComms and working with our in-house Comms team, we have continued to update communications messaging as required. Ongoing briefings have been given to various ADC teams in order to inform, logistics set up of site, compound, access, and egress by the contractor in relation to any impacts on surrounding areas, programme and approach as well as interrelationship with the Arcade enabling works site set up opposite. These matters are essentially finalized, subject to resolving final queries WSCC highways engineers have raised.
- 4.12 Ongoing work on further grant funding is being undertaken potentially to contribute to costs for both the main construction contract, non-construction related fit-out/furnishing (FF&E) items, and additional sustainability initiatives.

5. CONSULTATION

- 5.1 Stakeholder consultation has been ongoing. Two public consultation exercises have also been undertaken in addition to the statutory consultation as part of the planning process.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1 The council could decide to not increase the budget. In this scenario the council would have to decide either not to continue with the project and absorb the abortive costs spent so far (including the repayment of grant funding already provided by the government) or scale back the project to fit within the available budget, albeit that would likely require further re-design and associated fee costs accordingly. It is worth noting that approximately £1.7m of value engineering has already been applied to the specifications. In any case, the current building does require considerable upgrade and maintenance aside from the major improvements the project would bring (and would mitigate accordingly).

7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER

- 7.1 The capital costs of the proposals in this report are £3 million and are currently not included in the capital programme. Approval is required by this committee and Full Council to include this amount.
- 7.2 The financing costs on the additional £3 million equate to about £175,000 per annum, based on a lending rate of 5.46% over a 50-year period. This cost is unbudgeted and will need to be included in the council's revenue budget. However, with interest rates expected to decrease, albeit gradually, it is anticipated that this cost can be reduced. Furthermore, the council is currently overachieving its return on investments against budget, which will help to offset further this cost increase.
- 7.3 If the project were to be abandoned at this stage, the council would still incur abortive costs and would be required to repay the associated LUF grant already received from the MHCLG. Currently, the council has received about £3 million in LUF grant for this project and has spent just over £2 million, with spend increasing each day.

7.4 The £2 million contingency must only be used to fund contingency related costs. It cannot be used to fund increases in the scope of the project without further committee approval.

8. RISK ASSESSMENT CONSIDERATIONS

8.1 A comprehensive and live risk register is part of the project documentation.

8.2 Retaining the suggested forecast contingency funds within the council's control will provide an added layer of budgetary control but carries additional risks in that if the contingency funds are exhausted any remaining cost pressures fall on the council rather than the contractor. The scale of the risk is considered low given the amount of preparatory work undertaken on finalising the forecast budget and the intention where possible to purchase materials well in advance of use to help mitigate risk of supply, inflation and delay.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

9.1 This report complies with the council's constitutional requirements to report to members, and to seek necessary authority, where an addition to the capital programme is required and where additional budget provision is needed.

10. HUMAN RESOURCES IMPACT

10.1 Two temporary members of staff were originally working on the project on behalf of ADC. The contract of one was not renewed in April 2024. The other has remained as the project officer for the project. Costs are being capitalised and charged to the project.

11. HEALTH & SAFETY IMPACT

11.1 The health and safety impacts of the project are reviewed by the consultants at every stage.

12. PROPERTY & ESTATES IMPACT

12.1 The Property, Estates, and Facilities (PEF) team continue to engage with the project team and are briefed of progress. PEF resource is committed in respect of property transactions and works that are required to enable the project. Current and future management of the site rests with PEF, including lease dealings and any retained maintenance liabilities etc.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1 None at this stage.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1 The project is moving to more sustainable heating and cooling solutions as part of the new design. A small grant budget (£45k) has been secured and carried over for inclusion of PV panels, designs to accommodate this are being evaluated.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1 None.

16. HUMAN RIGHTS IMPACT

16.1 None.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1 None.

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Appendix A: Market Condition Update by Mace

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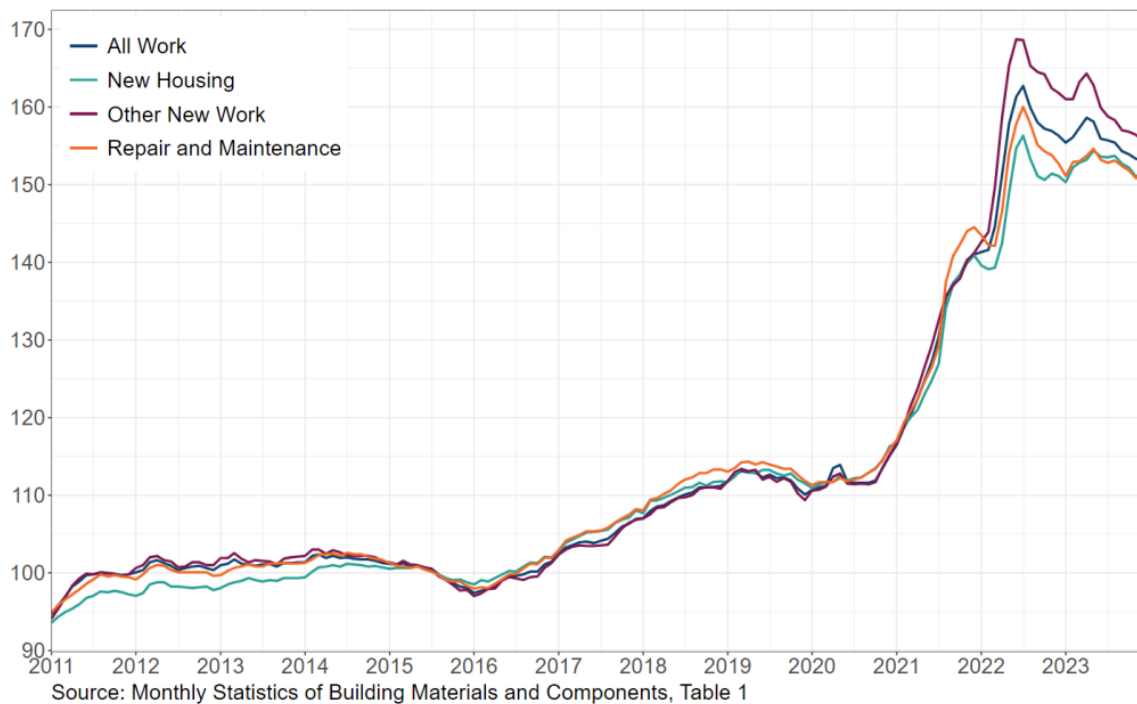
Alexandra Theatre – Market Overview Technical Note

Unprecedented Inflation

Since Mace's commencement on the project in 2022 the construction industry has experienced turbulences which have had a varied but significant effect on the cost of materials and labour. Issues such as the fallout from the COVID-19 pandemic, increase cost in gas and electrical supplies, cost of living crisis, conflicts in Ukraine and other parts of the world, and labour shortages have led to increased building costs and high inflation above the normal anticipated levels (typically c. 3%).

Recent rapid inflation growth is evidenced by data from the Construction Materials Price index (refer to chart 1) which shows the evolution of the cost of construction materials. The periods between 2021 and 2023 have seen overall material price inflation rise above 15% year on year which is well above the norm.

Chart 1: Construction Material Price Indices, UK
Index, 2015 = 100



Whilst there are now seeds of optimism within the industry, we are not expecting to see prices return to pre-pandemic levels, and material prices appear to be locked. It is therefore apparent that the high inflation observed in recent times isn't readily absorbable within the Alexandra Theatre's funding envelope. This coupled with the fact that the original funding application didn't include any allowance for inflation & that inflation has been far higher than anyone could have predicted has been a key factor in the budgetary pressures observed.

Contractors' approach to Risk

The construction market continues to be volatile and main contractors are reporting that they are finding it very difficult to obtain a fixed price from both sub-contractors and suppliers, with some suggesting a fluctuations contract. Significant increases in material costs affecting key trades, energy costs and ongoing market capacity issues continue to have a major impact on tender prices. We have seen increased material costs as well as shortages in labour due to

the conflicts in Gaza and the ongoing war in Ukraine and the attacks on shipping containers in the Red Sea.

The ripple effects from the various global crises, set out above, will continue to impact projects for some time. As a result, contractors need to be confident that their projects are resilient, meaning they can minimise the impact of disruption in a volatile market. In recent times, we have seen contractors' increased aversion to risk and that is evident in tender price submissions which have been recently received. They include a significant amount of risk factored into their costs due to the currently unpredictable and uncertain nature of the industry.

The last few years has seen record numbers of UK construction firms going out of business and only last month, ISG, a Tier 1 contractor fell into administration. This has and will continue to cause wide ranging impacts to the construction industry, for example the impact on sub-contractors if their client (contractor) falls into administration can cause significant instability and financial distress, which further fuels the nervousness amongst contractors when pricing works. So, whilst this project will be looking to reduce the significant amount of risk built into the costs, we need to be mindful of the industry as a whole and the reluctance of all contractors to reduce their margins to an unsustainable level which would further impact the project programme and cost if a contractor falls into administration during the works on the theatre.

Changes to the scheme outside of the project team's control

Whilst the current market has impacted our collective ability to deliver the project within the funding envelope the team has worked to mitigate the above effects where possible. However, there are specific items outside of the project teams' control which have put further financial pressures on the scheme. A snapshot of these have been listed below:

- Unprecedented inflation
- Programme delays of c. 8 months due to the need to re-procure a contractor.
- Drainage requests from planning imposed on the scheme (attenuation)
- Significant changes to the façade following councillor engagement.
- Piled foundations are now required due to the ground conditions observed on site following various surveys – the original proposal was for strip foundations which are a much cheaper alternative.
- Building Control requirements to comply with the latest standards have increased scope of the refurbishment works required.
- Additional works to back of house areas