

# ARUN DISTRICT COUNCIL

## REPORT TO AND DECISION OF POLICY & FINANCE COMMITTEE ON 30 JUNE 2022

**SUBJECT:** Littlehampton Seafront Project

**REPORT AUTHOR:** Rachel Alderson, Principal Landscape & Project Officer

**DATE:** June 2022

**EXTN:** 01903 737946

**AREA:** Services

### EXECUTIVE SUMMARY:

Arun District Council has been awarded £7,234,201 from the Levelling Up Fund to deliver a public realm improvement project at Littlehampton seafront. This report provides an update on project progress and seeks approval to reprofile the budget within the funding allocation and for the heads of terms to procure a design and build contractor.

### RECOMMENDATIONS:

The Committee is asked to:

- (1) Approve that the budget for the procurement of multi-disciplinary services for RIBA Work Stages 0-7 is increased from £460,340 to £549,357, to be contained within the project budget; and
- (2) Carry out a procurement process for the appointment of a design and build contractor to provide pre-construction and construction services in accordance with the heads of terms in 2.2 of the report.

### 1. BACKGROUND:

#### 1.1 Approvals

Following Arun District Council's successful £19,424,597 bid to the Levelling Up Fund for improvements to the Alexandra Theatre, Bognor Regis and the public realm at Littlehampton seafront, a report was presented to the Policy and Finance Committee on 9 December 2021.

The Committee approved the virement of the budget and that consultancy services covering RIBA Work Stages 0-7, to support officers in delivering the project, could be procured. These were subject to further recommendations being approved by Full Council.

At its meeting on 26 January 2022 Full Council accepted the full grant award of £19,424,597, approved authority to enter into a memorandum of Understanding / funding agreement with central government and for the drawdown and expenditure of the funding.

Delegated authority was given to the Director of Place and Director of Services to plan, drawdown and make budgetary decisions of the external funding in consultation with the Chair of Policy and Finance Committee and the S151 Officer. Authority was also given to the Policy & Finance Committee to manage and lead on the Levelling-Up fund as part of its named key plan objectives and strategies.

### 1.2 Project scope - Littlehampton seafront

While ADC has been awarded a single grant from the Levelling Up Fund, the two projects will be delivered and reported on separately. This report therefore focuses on Littlehampton seafront only, which has been allocated a budget of £7,234,201. The scheme will transform the seafront open space, attract more visitors and boost economic regeneration in the town. This will be achieved through:

- New social hub, concessions building and showers
- Improved car park landscape
- Changing Places Toilet facility
- Additional walkways and performance space
- Creation of play activity social spaces
- Additional areas of soft landscape and ornamental planting

The improvements will provide better opportunities to access culture, encourage outdoor activities that strengthen social connections and improve mental and physical health and well-being.

### 1.3 Consultant services

Following the approval to proceed with the project, a multi-disciplinary consultant team has been procured through the Southern Construction Framework, which has access to suppliers with the relevant experience to deliver the project. The framework suppliers have rigorously assessed by Hampshire County Council as part of their own framework tender and the rates applied to the Littlehampton scheme have been tested through a competitive process.

The approval by Policy and Finance Committee to procure a consultant team was for an award of contract of up to £460,340, as allowed for in the bid submission. The fee submitted by Mace Consult Ltd (Mace) as the preferred supplier is valued at £549,357. The Constitution requires a further decision if the contract value would exceed the approved budget.

Part of the increase is due to the method of setting out the oncosts and contingencies in the original budget breakdown and the fee percentage applied. The original fee allocation within the bid equates to 8.44% of the base build costs including inflation, however this is considered to be below the benchmark for a project of this size, scale and nature. A percentage rate of approx.13.5% for fees would be expected, and Mace's submission

includes the cost of necessary surveys and site investigations. The bid breakdown included a contingency allocation which could be used for surveys and was therefore separate from the professional fees.

To enter into a contract award for the full scope with the preferred supplier the cost breakdown needs to be reprofiled to increase the professional fees allocation. The total project budget will remain the same. A comparison of the original bid breakdown with the revised budget breakdown is shown below:

Cost Area	Bid Breakdown	Revised Breakdown
Professional fees	£460,340	£549,357
Capital works and contingencies	£6,773,861	£6,684,844
<b>Total cost</b>	<b>£7,234,201</b>	<b>£7,234,201</b>

#### 1.4 Due diligence process

Mace was appointed to undertake a due diligence exercise to review the scheme scope and costs in more detail prior to commencing the RIBA Work Stages. The process highlighted that further definition and clarity of scope is required to provide a higher degree of cost certainty.

A number of considerations were highlighted during the due diligence process which will need further investigation by the design team:

- Condition of drainage system and capacity of existing toilet provision, particularly in peak season.
- Capacity of existing Southern Water drainage network.
- Site is within Flood Zone 2 and 3.
- Constraints due to pumping station infrastructure below overflow car park.
- Drainage easements to be taken into account during design and construction.
- Surveys to be undertaken to establish ground conditions and presence of buried services.
- Confirmation of scope for café to determine scale and infrastructure needs.
- Current standards for car parking require the installation of lighting.
- Incorporation of EV charging point infrastructure within car park.
- Cost increases to original budget breakdown.
- Cost not included for risk items such as contaminated materials, abnormal foundations, FF&E associated with building fit out, increasing drainage/electricity capacity.
- Covenants on the site

#### 1.5 Project costs

Economic uncertainties have evolved in an unprecedented way during the 10 months since the bid was submitted and construction industry costs have risen considerably. The budget for the scheme needs to reflect the likely costs during the construction period and take expected inflation rates into account.

While Mace has adjusted the cost breakdown to allow for these changes in forecast, the current designs require a further level of detail to refine the anticipated project costs. Due to the outcome of the due diligence study and the uncertainties in cost, it may be necessary to adjust the scope of the project to fit the budget.

In addition, there may be a need to review the scope in response to changes which have occurred within or near the site. Since the proposals were consulted on in 2016 the catering offer in the seafront area has increased. The big wheel was a popular addition to the seafront in 2020 and a suitable location at the time was determined to be Banjo Road. To enable this feature to be provided in future, an alternative location would need to be found or the current proposed scope for Banjo Road changed.

### 1.6 Next steps and programme

Mace is progressing with site surveys and the outcome of these will inform a range of design considerations. Concept designs will be tested against the budget and refined as necessary. The updated plans will be prepared for public consultation ahead of a planning application submission.

It is intended that designs will be presented to Policy and Finance Committee prior to the public consultation and again before the planning application is submitted.

The project team is working to deliver the project by March 2024 and will be looking at ways of minimising impact of the construction phase on the 2023 summer season.

The following table sets out the expected work programme:

RIBA 1/2: Survey work, concept design, public consultation, Framework tender to procure design and build contractor	Summer - Autumn 2022
RIBA 3: Detailed design, planning application	Autumn - Winter 2022
RIBA 4: Technical design, construction tender process	Winter - Spring 2023
RIBA 5: Construction phase	Spring 2023 - Spring 2024

### 1.7 Framework contractor

During RIBA Stage 2 the project team will need to undertake a tender process for the procurement of a design and build contractor. This will be carried out through the Southern Construction Framework using a 2-stage process.

The contractor will initially provide pre-construction services during RIBA Stages 3 and 4 and their involvement during the design phase will aid the transition through to construction by drawing on their knowledge and experience.

**2. PROPOSAL(S):**

2.1 Following the due diligence process and review of the project costs it is proposed to reprofile the budget within the funding allocation of £7,234,201 as follows:

- a. Professional fees: £549,357
- b. Capital works and contingencies: £6,684,844

2.2 It is proposed that a design and build contractor is procured in accordance with the following heads of terms:

- a. Scope: Provision of pre-construction services and construction services, covering RIBA Work Stages 3-7, required to deliver public realm improvements to the seafront and riverside in Littlehampton, in accordance with the Levelling Up Fund bid, contained within a budget of £6,684,844.
- b. Duration of contract: 24 months, including defects period.
- c. Form of contract: SCF Pre-Construction Agreement and NEC4 Construction Contract.

**3. OPTIONS:**

- 1. To approve the recommendations as set out in the report.
- 2. To not approve the recommendations and delay the progress of the projects, therefore risking the funding awarded.

**4. CONSULTATION:**

Stakeholder engagement will be undertaken and feed into the design process.

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓

**5. ARE THERE ANY IMPLICATIONS IN RELATION TO  
THE FOLLOWING COUNCIL POLICIES:  
(Explain in more detail at 6 below)**

Financial	✓	
Legal	✓	
Human Rights/Equality Impact Assessment	✓	
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability	✓	
Asset Management/Property/Land	✓	
Technology		✓
Other (please explain)		✓

**6. IMPLICATIONS:**

Financial - the grant award is a major financial transaction for the Council. It will require careful monitoring. If spending exceeds the award, the Council can expect to fund this from its own resources. The Council must ensure this does not occur.

Legal - the Council has entered into a Memorandum of Understanding / funding agreement with central government and must deliver the projects in accordance with the terms and conditions.

Human Rights/Equality Impact Assessment – attached.

Sustainability - the sustainability of the projects will be taken into account during the design and construction phases.

Asset Management/Property/Land - the Council will retain responsibility for the completed scheme.

**7. REASON FOR THE DECISION:**

To progress the project and ensure that the Council meets its obligations under the Levelling Up Fund funding agreement.

**8. BACKGROUND PAPERS:**

[Levelling Up Fund Bid Submission - Economic Committee 8 June 2021, Item 63](#)

[Levelling Up Fund Projects – Policy & Finance Committee 9 December 2021, Item 504](#)

[Levelling Up Fund Projects – Full Council 26 January 2022, Item 623](#)