

Report of	Meeting	Date
Director of Business, Development and Growth	Executive Member Decision	24 September 2018

## **APPROVAL OF ADVANCE ORDERS FOR INITIAL WORKS PACKAGES**

### **PURPOSE OF REPORT**

1. To seek approval for placing advance orders for initial works packages as part of the Market Walk Extension scheme approved by Council on 23<sup>rd</sup> January 2018, ahead of full contract award.

### **RECOMMENDATION(S)**

2. To approve placing advance orders for initial works packages set out in Appendix A as part of the Market Walk Extension scheme.
3. To delegate authority to the Director for Business Development & Growth to authorise any subsequent variations, arising during the works, which can be contained within the remaining scheme budget (£16,364,643) approved in the January report.

### **EXECUTIVE SUMMARY OF REPORT**

4. Council approved a report on Market Walk 23 January 2018 which authorised the Executive Leader, in consultation with the Executive Cabinet, to approve the final design based on Option 2 and to approve any alterations or amendments to the final design, for the delivery of Option 2, which are contained within the approved budget and cost model.

Option 2: Commission a partial redesign of the layout, based on the building footprint from the original design to increase flexibility in lettings and then continue to build at the earliest opportunity.

5. On 23 January 2018 Council resolved to proceed without further delay, with the Market Walk Extension development based upon Option 2.

This will include:

- a. The building the retail and leisure units based upon a design that meets the needs of the tenants; and
- b. The delivery of the proposed parking solution; and
- c. The delivery of the Public Realm improvements.

6. Eric Wright Construction has been appointed under the LRPP framework to deliver the Market Walk extension and associated works.

7. Pick Everard have been appointed as client side Project Manager and QS to validate the costs proposed by Eric Wright Construction.

<b>Confidential report</b> Please bold as appropriate	Yes – Appendix A	<b>No</b>
--	------------------	-----------

<b>Key Decision?</b> Please bold as appropriate	<b>Yes</b>	No
--	------------	----

<b>Reason</b> Please bold as appropriate	1, a change in service provision that impacts upon the service revenue budget by £100,000 or more	<b>2, a contract worth £100,000 or more</b>
	3, a new or unprogrammed capital scheme of £100,000 or more	4, Significant impact in environmental, social or physical terms in two or more wards

## REASONS FOR RECOMMENDATION(S)

### (If the recommendations are accepted)

8. The cost schedule (Appendix A) describes the range of work packages that the council is required to commit to in order to deliver the Christmas 2019 opening. This cost plan has yet to be fully validated by Pick Everard.
9. The instruction for advance orders ahead of contract award is critical in maintaining programme.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10. If we wait for a full fixed price submission (15<sup>th</sup> October) prior to placing these initial orders for early works packages the scheme cannot be completed on the programme agreed with tenants for Christmas 2019 opening.

## IMPLICATIONS OF REPORT

11. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	X	Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

## BACKGROUND

12. On 23 January 2018 Council resolved to proceed without further delay, with the Market Walk Extension development based upon Option 2.

This will include:

- a. The building the retail and leisure units based upon a design that meets the needs of the tenants; and
- b. The delivery of the proposed parking solution; and
- c. The delivery of the Public Realm improvements.

13. The Council allocated the budget sum of £16,364,643 to deliver the Market Walk Extension and associated works.

14. Council noted that it is intended that the Executive Leader, in consultation with the Executive Cabinet, will approve the final design based on Option 2.
15. Council noted that it is intended that the Executive Leader will approve any alterations or amendments to the final design for the delivery of Option 2 which are contained within the approved budget and cost model.

**RISKS**

16. Whilst every effort has been made to ensure these advance work packages offer best value there is little time for Pick Everard to validate the submission thoroughly and potentially challenge items without impacting on the programme. Some of the work packages have increased lead times, in order to deliver best value, which cannot be accommodated in the original project execution plan. The enhanced procurement risk was reported in the selection of Programme 13A as the preferred choice of delivery.
17. If the advance orders are placed in order to maintain programme there is a risk that the overall cost envelope may exceed the original budget and decisions are being made without the benefit of a full cost picture. This situation will not be fully resolved until the fixed price contract is agreed on 19<sup>th</sup> November.
18. In order to minimise the council's exposures to the above risks Appendix A shows the financial liability across the works packages each week until final contract is awarded on 19<sup>th</sup> November. At which point £905,252 of the £7.6m (estimated full value of these work packages) will have been committed.
19. If a decision is taken not to continue with contract award there would be various other demobilisation, cancellation & re-instatement costs to consider.

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

20. As outlined in the report, committing to the £905k of costs will ensure that the project remains in keeping with the approved timescales. Agreeing to the £905k of works now will reduce the council's ability to negotiate the final fixed price contract. However, delaying works until mid-November will result in additional costs to the project.

**COMMENTS OF THE CHIEF EXECUTIVE**

21. I certify this decision requires immediate implementation to ensure the project remains within the planned delivery timetable. As a result, call-in is not to be available for this decision as reconsideration would be seriously prejudicial to the interests of the Council.

**COMMENTS OF THE MONITORING OFFICER**

22. The proposal falls within the decision to proceed with the development based upon Option 2. The risk is properly identified within the report. It should be noted however that the prices have been obtained following compliant procurement processes. There is no legal issue with the proposal to proceed, it is a procedural issue. It is proper to balance these competing risks (to cost and to programme) and an appropriate balancing exercise has been undertaken to reach the recommendation.

MARK LESTER  
DIRECTOR OF BUSINESS DEVELOPMENT & GROWTH

<b>Background Papers</b>			
<b>Document</b>	<b>Date</b>	<b>File</b>	<b>Place of Inspection</b>

Market Walk Update	24 July 2018	****	<a href="https://democracy.chorley.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=6424&amp;Ver=4">https://democracy.chorley.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=6424&amp;Ver=4</a>
Market Walk Update	23 January 2018	****	<a href="https://democracy.chorley.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=5714&amp;Ver=4">https://democracy.chorley.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=5714&amp;Ver=4</a>

Report Author	Ext	Date	Doc ID
Conrad Heald	515507	21 Sept 2018	***

Following careful consideration and assessment of the contents of this report, I approve the recommendation(s) contained in Paragraph 2 of the report in accordance with my delegated power to make executive decisions.



**Dated 24/09/2018**

**Councillor Alistair Bradley**  
**Executive Member for Economic Development**  
**and Public Service Reform**