



NEW ROMNEY TOWN COUNCIL

CAPITAL PROJECTS REPORT – FULL COUNCIL MEETING 11TH JANUARY 2023

COMMUNITY HALL, SPORTS PAVILION AND NURSERY PROJECT

At the meeting of New Romney Town Council held on 14th December 2022, it was reported that following exploration of the potential to deliver a single-building new-build project due to the view of the Council's appointed Design Team (project management team and architect) that this would be a better use of public funds than trying to refurbish the old community hall / nursery building, it had been disappointing that it had not resulted in a design that was affordable within the budget set by the Council.

At that time, it was the view of the Project Steering Group that, whilst awaiting the outcome of the Public Works Loan application, the PSG should meet with the Synergy and Hollaway representatives to (i) seek to understand why Synergy and Hollaway Architects appear to be at odds with each other in regard to design scale and design cost, (ii) seek clarification as to why, with a significantly scaled-back design, project costings have increased, resulting in the project being significantly over budget and (iii) to instruct the architect further regarding the need to strip out any 'dead space' from the current design and to remove any expensive but non-essential design features such as curved walls.

It remained the PSG view that if the afore-mentioned issues could be clarified and resolved, then a high quality purpose-built building could be achieved.

The Council instructed the Project Steering Group to schedule a meeting with the Design Team on the afore-mentioned basis and set a deadline of 15th March 2023 to make a final decision as to whether to take the project forward in its current form, based on the outcome of further discussion(s) with the Design Team.

A meeting took place with the Design Team on Monday 9th January 2023, prior to which the Council Project Steering Group provided the afore-mentioned points as the basis for the meeting agenda, supported by a list of supplementary questions and comments, the responses to which, it was hoped, could assist the Project Steering Group in

understanding whether it may be feasible to take the project forward within budget.

Detailed responses were provided ahead of the meeting, along with updated cost projections (circulated to Councillors for information) and these provided a basis for discussion.

Significant discussion took place regarding an apparent disconnect between project design and project cost and a concern that the Council had been guided towards exploring an entire new-build project as a more cost effective option than a part new-build and part refurbishment project, yet this had resulted in the project being significantly over budget.

It was ascertained that it remained the view of the Design Team that due to the age of the old community hall/nursery building, public money would be better spent on a new-build project but the fact remained that to achieve this, the Council would need to either reduce its brief (which would not then deliver the intended community benefit in full) or find approximately £188,000.00 additional funds.

The new-build option had been further developed since the last meeting with the Design Team, taking note of comments regarding a covered walkway that was deemed to be unnecessary and potentially costly. This option would provide all of the Council's requirements in two separate new-build buildings (as opposed to the previously designed 'linked buildings') without the need to reduce the project brief if the Council could make available the afore-mentioned additional funds.

The project's financial contingency allocation was then discussed, highlighting the potential to review the utilisation of contingency funds, noting both the large contingency sums built into the cost plan – which may in the end never be spent – and any potential financial impact if those sums were reduced based on taking a considered view on potential risk, with a view to releasing funds from within the project to deliver this option.

It was noted that a sum of £44,500.00 had been budgeted for potential PWLB loan repayments in the 2022-23 financial year which had not now been required in light of the protracted loan application process and that this sum should now be vired into the project reserve fund as it was intended to be spent on funding the project. Thus, whilst it was noted that here had been a fixed budget set for this project, it was recognised that the budget had been set based on available funding at the time and could now, therefore, be increased by £44,500.00. It was also noted that formal confirmation had now been received that the Council's borrowing

application had been approved and the £1 million PWLB loan was now, therefore, available for the Council to draw down.

Taking account of an additional £44,500.00 funding available to the project, there remained approximately £144,000.00 required in order to deliver the project. If the Council was to utilise the majority of its allocated client contingency fund, noting that in addition to this contingency pot a further £301,742.56 has been allocated as contingency funding in respect of Contractor's D&B Risk and Inflationary costs risk, there would remain a very small sum of approximately £11,000.00 as Client Contingency. This would clearly not be acceptable. However, a sum of £62,500.00 has been allocated for client fixtures and fittings and a further sum of £10,000.00 has been allocated for any unforeseen requirement to expend funds on legal fees. If the Council was minded to utilise these sums as contingency during the construction period, then there would be a client contingency of approximately £83,500.00 in addition to the afore-mentioned contingency allocation for inflation and Contractor's D & B risk.

Examples of the type of risks that might result in the need to utilise contingency funds were identified as follows, in order that the Council can make an informed decision about acceptable risk levels:

- 1) Inflation
- 2) Unknowns that the contractor will not absorb such as utilities connections (a contract would be awarded with a C3 Quote which would effectively provide a cost estimate in regard to utilities connections; the contractor would then seek a C4 Quote at the appropriate point in the construction phase and this would firm up connection costs – but if those costs had increased significantly, the Contractor would not bear the additional cost and the Council would be required to do so)
- 3) Unexpected incidents such as unearthing an underground bomb shelter or similar
- 4) NRTC wanting to make changes AFTER the D&B Contract has been awarded: the Project Manager would be working strenuously to make sure the Council does not make any changes after award of contract to protect NRTC from financial risk

It was made clear that expediency in decision-making linked to (i) the afore-mentioned matter of how the Council wishes to deal with contingency allocations within the overall project cost, (ii) authorising the design development for planning submission and the subsequent submission and (iii) authorising preparation for a re-tendering process would be absolutely key to the successful delivery of this project.

It was also clear that, in order to be able to instruct the architect to work up a planning submission package expediently, the Council must formally acknowledge that the current new build option 3 (split buildings) design (appended hereto) would be the basis of a new planning submission and that whilst the detail would be refined over the coming weeks, the basic design, as presented, would set the basic parameters of the design direction. It was agreed by those present that a joint meeting of the PSG, Architect and Planning Officer should take place prior to formal submission of a new planning application to mitigate the risk of issues arising with any submission.

Having considered all of the above, it was concluded that, subject to agreeing a reduced client contingency allocation and the Design Team working up a planning submission with expediency, the Town Council could proceed with the new build design scheme option 3 (two separate new-builds), as presented, within budget.

Recommended Actions:

- To approve the virement of £44,500.00 previously allocated for potential PWLB loan repayments in the 2022-23 financial year to the Community Hall, Sports Pavilion and Nursery Project Reserve Fund
- Increase the overall project budget by £44,500.00 in light of additional funds now available for the project as identified above
- In order to release funds from within the overall project budget to facilitate delivery of the project within budget, consider approving a reduced client contingency allocation within the Community Hall, Sports Pavilion and Nursery Project Budget in the amount of £83,500.00 – utilising allocations identified for the purpose of purchasing client fixtures and fittings and funding any unforeseen legal fees as client contingency during the project construction phase, having first taken account of potential financial implications of doing so
- Formally agree that the current design drawings in respect of New Build Option 3 (split buildings) as presented will be the basis of a planning submission and acknowledge that whilst these drawings will be refined in the coming weeks, they set the parameters of the project design direction
- Authorise the Clerk, via Synergy, to instruct the Town Council's appointed Architect to now work up a full planning pack for submission and, following a joint pre-submission meeting of the PSG, Architect and Planning Officer, to submit the completed planning application to the Planning Authority on behalf of the

Town Council – to include a draft deed (s106 Agreement) linking the new planning application to the original s106 Agreement which provides that 90% of the sum of £872,308.00 shall be released to New Romney Town Council on providing evidence of a signed construction contract with the final 10% being released to the Town Council on practical completion; the afore-mentioned draft Deed to be prepared by the Council's solicitor

NB: Planning submission fees to be funded from the admin & miscellaneous budget 2022-23 / legal fees to be funded from the legal and professional fees budget 2022-23

- Authorise the Clerk to instruct Synergy to work in parallel on preparation of a revised tendering pack following the initial 6 week public consultation period so that the tendering pack can then be formally approved and Synergy authorised to go back out to tender on receipt of formal notification of planning consent

Town Clerk

09/01/23