

## **Report to the Cabinet**

**Report reference: C/140/2005-06.**

**Date of meeting: 10 April 2006.**



**Epping Forest  
District Council**

**Portfolio: Planning & Economic Development.**

**Subject: The Loughton Broadway Regeneration Scheme.**

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### **Recommendations/Decisions Required:**

- (1) That the methodology employed in the determination of a Target Cost for the Broadway Town Centre Enhancement, in terms of demonstrating 'Value for Money', be noted;**
- (2) That the outcome of Target Cost negotiations with Gabriel (Contractors) Ltd be noted;**
- (3) That, with a Target Cost of not more than £2,781,349 million, the Head of Environmental Services be authorised to enter into a contract for the Design and Build of the Broadway Town Centre Enhancement Scheme, with Gabriel (Contractors) Ltd;**
- (4) That subject to recommendation (3), Capital provision be increased from £2,890,000 to £2,990,349;**
- (5) That the Head of Environmental Services be authorised to appoint Henry Riley Consulting as Cost Manager;**
- (6) That the Head of Environmental Services be authorised to appoint Paradigm as Project Manager;**
- (7) That the Head of Environmental Services be authorised to appoint RSK ENSR Shear Ltd as Planning Supervisor; and**
- (8) That, pursuant to recommendations (5), (6) and (7), Contract Standing Orders C6, C7, and C11 be set aside.**

### **Background:**

1. In February 2006 the Cabinet gave approval for the Loughton Broadway Regeneration Scheme to be procured through a 'Design and Build' contractual arrangement and the Head of Environmental Services was authorised to negotiate a Target Contract Sum with Gabriel (Contractors) Ltd.
2. The Steering Group completed its work in November 2005. The Steering Group has agreed all the essential elements of the scheme with the exception of material selection, for which further Focus Group meetings have been held.

### **The scheme:**

3. The scheme in essence reflects the original 1998 design and includes:

- removal of the central reservation of The Broadway;
- creation of a raised paved area in the central area to create a 'public space';
- redesign of the Burton Road car parks to provide additional and controlled parking;
- redesign of car parking areas in Vere Road;
- Vere Road and Burton Road becoming 'one-way' streets;
- Separation of public and private space at the rear of premises in Burton Road;
- improved street lighting;
- extensive CCTV;
- resurfacing of highway and footway surfaces;
- replacement of street furniture as required; and
- Demolition of garages.

**Commuted Sum:**

4. Due to the fact that certain materials and equipment to be specified for the project fall outside of the Essex County Council standard specification, a commuted sum is payable, the estimated cost of which is £10,000.

**Target Cost Determination:**

5. Gabriel (Contractors) Ltd have successfully tendered for the Buckhurst Hill Town Centre Enhancement (TCE) Scheme and the Loughton (TCE) Phases I and II and it is the competitively tendered rates for the Loughton TCE that have been analysed extrapolated and applied to the estimated quantities for the Broadway (TCE).
6. The Cabinet are reminded that the Design, Project and Cost Management Team appointed by Sainsburys PLC, to deliver Phase I of the Loughton TCE were also contracted by the Council to deliver Phase II of the Loughton TCE.
7. In order to reap the benefit of the experience of Henry Riley Consulting, the Cost Management Consultant engaged on the Loughton TCE, in terms of the administration of the rates tendered by Gabriel (Contractors) Ltd, they were appointed to undertake following duties:
  - (a) to prepare a detailed Cost Plan for the Loughton Broadway Regeneration Scheme by employing the rates for the Loughton TCE;
  - (b) to advise of any factor that is likely to increase or reduce the rates for the Loughton Broadway Regeneration Scheme;
  - (c) to advise of the estimated cost saving to Gabriel, in not having to prepare a competitive tender;
  - (d) advise as to the suitability of the NEC option D as the form of contract for the Loughton Broadway Regeneration Scheme.
  - (e) to advise the Council of any 'risk factors' in negotiating a Target Price with Gabriel; and
  - (f) to prepare and submit to the Council a detailed Cost Plan report with Executive Summary which may be used in a report to the Cabinet.
8. In their report to the Council, Henry Riley Consulting have advised that based on the Loughton TCE Schedule of Rates, the cost of the works is estimated at £3,736,475.00. Following the determination of the anticipated cost of the works (based on the Loughton TCE schedule of rates) Gabriel (Contractors) Ltd were invited

to develop a Target Cost incorporating a number of design revisions structured to achieve cost savings.

9. Following detailed negotiations with Gabriel (Contractors) Ltd, the Target Cost has been determined at £2,611,349.00 however, a number of cost heading still need to be quantified in particular statutory undertaker diversions, guard railings and soft landscaping and accordingly the authority of the Cabinet is sought for the Head of Environmental Services to enter into a contract up to a maximum contract value of £2,781,349.00.

10. Set out below is the anticipated overall cost of the project:

|                                 | £                      |
|---------------------------------|------------------------|
| (i) Construction works:         | 2,611,349              |
| (ii) Design & Build Contingency | 170,000                |
| (ii) Project Management         | 81,000                 |
| (iii) Cost Management           | 66,000                 |
| (iv) Planning Supervisor        | 17,000                 |
| (v) Capital Salaries            | 20,000                 |
| (vi) Commuted Sum               | 10,000 (estimate only) |
| (vii) Section 278 Agreement:    | 15,000 (estimate only) |
|                                 | -----                  |
| <b>Total:</b>                   | <b>£2,990,349</b>      |

11. If members wish to proceed with the design as set out, additional capital provision of £100,349 will need to be provided.

#### **The Form of Contract:**

12. The proposed form of contract NEC option D, is a Target Cost Contract supported by a Bill of Quantities however the Contractor is not paid according to the Bill of Quantities but is reimbursed his actual costs, plus a Fee, for his overheads and profit.

13. The negotiation with Gabriel (Contractors) Ltd has established a preliminary Target Cost of £2,611,349 for the Design and Build of the Broadway TCE with Gabriel (Contractors) Ltd, with any savings being shared equally and the Council's share of any cost overrun being limited to 10%.

#### **Resources:**

14. Robert West Consulting were appointed by the Council to review the original 1998 Design Guide and develop outline design proposals, details of which were presented and approved by the Cabinet in February 2006.

15. Gabriel (Contractors) Ltd have advised the Council that if they are awarded the contract, they intend to appoint Robert West Consulting to develop the scheme to detailed design stage which clearly has advantages to both parties as design continuity is maintained and the lead time for commencement of work is significantly reduced.

16. There is a requirement under the proposed form of contract for a Project Manager, a Cost Manager and a Supervisor to be appointed and it is recommended that the Head of Environmental Services be authorised to negotiate a professional fee agreement and appoint Paradigm Consulting as Project Manager and Henry Riley Consulting as Cost Manager, with the role of Supervisor being accommodated from within existing resources.

17. At the meeting of the Cabinet held on 6<sup>th</sup> February 2006, the Head of Environmental Services was authorised to appoint Robert West Consulting as Planning Supervisor under the CDM Regulations however, as Robert West Consulting are the design consultants to be engaged by Gabriel Contractors Ltd, to avoid any conflict of interest, authority is now sought to appoint RSK ENSR Shear Ltd, the estimated professional fee for which has now been identified as approximately £17,000.

**Statement in support of recommended action:**

18. The Broadway enhancement scheme has been agreed by Cabinet and capital provision has been made. The scheme has been through several consultation processes and the proposals in their current form reflect the wishes of the Steering Group and the locally based Focus Group. The scheme is the first phase of a potentially larger regeneration of the area.
19. Members are keen to see works on The Broadway proceed as soon as possible, and the Design and Build method of procurement option negotiated with Gabriel has advantages of:
- (i) continuity with a known contractor;
  - (ii) 'design and build' enables the selected contractor a high degree of autonomy over scheme design and delivery, which should enable effective cost and time management;
  - (iii) 'design and build' obviates the time difficulties associated with a full tendering procedure and the procurement requirements of the EU; and
  - (iv) value for money can be demonstrated by virtue of the success of earlier TCE schemes using this contractor / consultant combination.

**Other options for action:**

20. The options for action are essentially as follows:
- (i) to enter into a Design and Build contract with Gabriel Contractors Ltd;
  - (ii) to procure the scheme by competitive tendering on a Design and Build basis; and
  - (iii) to procure the scheme by the conventional route of competitively tendering the design element then competitively tendering the works;

**Consultation undertaken:**

21. Major consultation on original scheme in 1998. Focus Group re-established in 2005 for further examination of original proposals.

**Resource implications:**

**Budget provision:** As set out in the report.

**Personnel:** Nil.

**Land:** Enhancement of Loughton Broadway.

**Community Plan/BVPP reference:** N/A.

**Relevant statutory powers:** N/A.

**Background papers:** Previous report to the Cabinet February 2006, Henry Riley Consulting Cost Report.

**Environmental/Human Rights Act/Crime and Disorder Act Implications:** Enhanced local environment in The Broadway and improved local safety through parking and traffic management schemes, enhanced street lighting and CCTV.

**Key Decision reference (if required):** Will advise when key decisions have ref nos.