

## Record of officer decision

<b>Decision title:</b>	Construction of North Magazine Civil Works, Hereford Enterprise Zone (Contract Variation)
<b>Date of decision:</b>	02.11.21
<b>Decision maker:</b>	Director for Economy and Place
<b>Authority for delegated decision:</b>	<p>A cabinet member decision was taken on 5 October 2020 (decision to spend £5,432k of LEP grant funding that was allocated to further develop the Hereford Enterprise Zone). The full report and decision notice can be found here <a href="http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=7214">http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=7214</a>.</p> <p>A cabinet member decision taken on 15<sup>th</sup> August 2019 (Phase 5 budget for the HEZ infrastructure project) gives the Director of Economy and Place the authority to implement interventions relating to this work. The full report and decision notice (Enterprise Zone Capital Interventions Phase 5) can be found here (<a href="http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?Id=6182">http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?Id=6182</a>).</p> <p>A cabinet member decision was taken on 8 October 2021 (decision to accept and spend £675k of LEP funding awarded to the council to spend on infrastructure works to make land ready for development at Hereford Enterprise Zone). The full report and decision notice can be found here (<a href="http://councillors.herefordshire.gov.uk/mgIssueHistoryHome.aspx?IId=50039173">http://councillors.herefordshire.gov.uk/mgIssueHistoryHome.aspx?IId=50039173</a>).</p>
<b>Ward:</b>	Dinedor Hill
<b>Consultation:</b>	<p>The council has recently been successful in securing an additional £675,000 grant funding from the Marches LEP to carry out additional works on the North Magazine.</p> <p>The council has an existing contract with Owen Pell Ltd for the delivery of the North Magazine Civil Works. The contract was awarded in January 2021 following an open tender exercise. The RoOD covering this work was published on 18<sup>th</sup> January 2021 (<a href="http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=7532">http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=7532</a>) and included provision for the original contract sum (£2,167,557.22) plus £500,000 contingency (£2,667,557.22 in total).</p> <p>Following further consultation with the commercial team, it is proposed that the additional work is delivered via a variation to the existing North Magazine Civil Works contract with Owen Pell Ltd. The revised contract sum/additional work is under 50% of the original contract value and can therefore be issued as a variation, in line with the council's contract procedure rules and the Public Contract Regulations 2015. The increased costs do not take the total value of the work above any additional procurement thresholds.</p>

	<p>Work falls within the scope of the decision to spend £675k LEP funds (as above) which gives the Director of Economy and Place the delegated authority to implement the decision including the procurement and commissioning of new projects in consultation with the S151 Officer (as confirmed with Governance). This project was initially included in an overarching procurement and commissioning strategy for the works approved by both the Director of Economy and Place and the S151 Officer. The commercial team have been consulted throughout the process to ensure that the original tender and contract variation is carried out in line with the council's contract procedure rules. Further consultation has also taken place with Finance, Legal and the S151 Officer.</p>
<p><b>Decision made:</b></p>	<p>To increase the total amount available for this work by an additional £500,000 to £3,167,557.22 (utilising additional funds from the Marches LEP) and issue a contract variation to Owen Pell Ltd for delivery of additional works.</p> <p>The total revised contract sum will be £2,996,120, which will leave £171,437.22 remaining contingency (which is considered to be sufficient to manage remaining risks associated with project delivery). This will allow further work to take place in preparing additional plots for development in the northern and western areas of the North Magazine site (as agreed with the Marches LEP). The revised contract sum also includes scope for some additional work (e.g. – additional earthworks; increased material requirements; spoil removal; drainage) which has been identified during the delivery phase. Further details can be seen in the contract variation form which has now been signed off by the commercial team.</p>
<p><b>Reasons for decision:</b></p>	<p>The construction phase at the North Magazine commenced in January 2021 following significant remediation, masterplanning and detailed design work which took place in previous years. Work includes the installation of the estate roads, utility trenches, SUDS, foul drainage, plot raising / earthworks, walkways / cycleways and landscaping features. The work will see the North Magazine sub-divided into a number of smaller plots in line with identified investor interest.</p> <p>Owen Pell Ltd were appointed following an open tender exercise which was carried out via the pro contract system, and evaluated against both cost and quality.</p> <p>The additional works are an extension of existing activities contained within the initial tender brief (e.g – extension to estate roads; foul drainage). The use of a separate contractor would be highly impractical and inevitably incur additional/duplicate preliminaries, mobilisation and site set up costs. There would also be additional health and safety / project management implications to consider, in attempting to manage / coordinate two contractors within a limited working space.</p>

<b>Highlight any associated risks/finance/legal/equality considerations:</b>	<p>The remaining contingency sum will ensure that the project has adequate funds to cover all eventualities highlighted in the project risk register. The risk register will be regularly monitored, reviewed and updated as work progresses to ensure that activities are delivered as planned.</p>
<b>Details of any alternative options considered and rejected:</b>	<p>The possibility of not carrying out the work has been considered. However, the sale of the land at the North Magazine depends entirely on the development of the required infrastructure.</p> <p>This decision will allow additional land at the North Magazine to be developed and sold to identified businesses, which in turn will help the Enterprise Zone to achieve its economic development and employment objectives.</p> <p>The only alternative option would be to not spend the additional LEP funds on developing and preparing additional land parcels. This would mean the projected jobs and employment land outputs (i.e. - 60 new jobs; 1.5 ha additional employment land) would not be realised. Existing funds would still be used to develop significant proportions of the North Magazine site, although further funding would be required to develop the remainder.</p>
<b>Details of any declarations of interest made:</b>	<p>None</p>

I am an officer delegated to make the decision

Signed:

Print Name: Neil Taylor

Job Title: Interim Director for Economy and Place