

## Record of officer decision

<b>Decision title:</b>	Commissioning works to progress the St Owen Street cycle contraflow as part of the Hereford City Centre Improvements (HCCI).
<b>Date of decision:</b>	11 November 2022
<b>Decision maker:</b>	Corporate Director for Economy and Environment
<b>Authority for delegated decision:</b>	<p>On 7 October 2021 the Cabinet Member Infrastructure and Transport took a decision to authorise:</p> <p>That the Corporate Director for Economy and Environment be authorised to take all operational decisions necessary in consultation with the Chief Financial Officer to progress and deliver the programme elements.</p> <p>This decision can be viewed using the following link:  <a href="https://councillors.herefordshire.gov.uk/mgIssueHistoryHome.aspx?Ild=50039138">https://councillors.herefordshire.gov.uk/mgIssueHistoryHome.aspx?Ild=50039138</a></p>
<b>Ward:</b>	Central.
<b>Consultation:</b>	Consultation of this decision has taken place with the council's finance, legal services and communications teams.
<b>Decision made:</b>	<p>To authorise the construction of the St Owen Street cycle contraflow.</p> <p>This construction element of the HCCI project has a budget of £1,077,657.92, which includes an allowance for risk.</p> <p>The above works are to be commissioned through the Council's public realm contract with Balfour Beatty Living Places (BBLP) as outlined within the 7 October 2021 Cabinet Member decision report which can be viewed using the following link:  <a href="https://councillors.herefordshire.gov.uk/mgIssueHistoryHome.aspx?Ild=50039138">https://councillors.herefordshire.gov.uk/mgIssueHistoryHome.aspx?Ild=50039138</a></p>
<b>Reasons for decision:</b>	<ol style="list-style-type: none"> <li>1. The 7 October 2021 Cabinet Member decision identified this scheme as an important project to support investment already made in the central area which provide continuity on design and approach to the city centre public realm. This decision approved a budget of £700,000 for delivery of the scheme.</li> <li>2. <b>Value for Money</b> - The Council has struggled to deliver all elements of the HCCI project in line with the initial programme set out by the LEP and incorporated into the delivery contract. The delays have come about as a consequence of a wide variation in scope and also a desire to ensure that the Council is seen to be "doing the right thing". The delays to the programme, and hence delivery, were noted in the decision titled Hereford City Centre Improvements (HCCI), 7 October 2021 and the decision made to deliver the works via the Public Realm Contract (PRC). The PRC</li> </ol>

provides the Council with access to design and build resource that allows it to deliver schemes without the need to engage with other external providers. The Public Realm Contract provider, BBLP, often uses local supply chain partners to deliver works. A number of different providers were approached as a part of the estimating process for the scheme, only one provider presented a priced schedule. Had the Council decided to appoint an external consultant to design the works and prepare tender documentation then there is no guarantee that the scheme would have attracted any further interest from the supply chain, whilst the risk of non-delivery before March 23 was high. If the scheme could not be delivered then LEP funding could not be expended, this would result in default in terms of the re-negotiated contract and would leave the Council in a position where it would be expected to re-pay the LEP funding that had already been defrayed. It should also be noted that the Council has had to redesign the scheme so that it is fully LTN1/20 compliant. Whilst not a requirement of the LEP to design and build a scheme in this way, should the Council be seen by the Department for Transport to be installing non-compliant cycle infrastructure then future Active Travel Fund allocations may be adversely affected with the Council and its residents losing out in the longer term. The Project Team and Senior Responsible Officer for the HCCI project are satisfied that BBLP made all attempts to attract alternative tenders for the scheme and that, when viewed in the round of potential payback of existing grant and a likely reduction in future DfT grant that the scheme offers value for money in this instance.

3. Proposals were developed by BBLP to complete the scheme design, prepare construction information, prepare the Traffic Regulation Order (TRO) and undertake statutory consultation, undertake procurement of a contractor and provide construction works.
4. This scheme is funded from the LEP Getting Building Fund Grant.
5. The total scheme cost (combining design, TRO consultation, procurement and construction) is greater than the initial £700k allocated within the original decision.
6. An increase in costs has been as a result of recently introduced Government LTN1/20 guidance. The scheme is designed to be compliant and necessitated additional safety measures and the installation of new traffic lights.
7. The road surface of St Owen St has deteriorated to an extent that it would be necessary to resurface in the coming years. A decision was taken to accelerate the resurfacing of St Owen St preventing future disruption to business. This is *not* part of the cycle contraflow scheme and is being funded separately through Local Transport Plan funding but is being delivered concurrently to ensure economy and efficiency.
8. The HCCI decision of 07 October 2021 identified that the elements should be delivered within the overall programme budget.
9. On 6 October 2022 a decision was taken to re-profile the HCCI budget to account for increases within some elements and underspend in others as schemes had progressed.
10. The Marches LEP have formally approved that budget re-profile and therefore the budget for St Owen St has been increased to

encompass the spend outlined above.

11. Table indicating budget for St Owen St budget allocation agreed in RoOD of 6 October 2022:

original budget	£700,000.00
additional match	£37,536.10
additional grant	£186,398.63
additional LTP contribution	£250,000.00
<b>Total NEW budget</b>	<b>£1,173,934.73</b>

12. Table indicating total spend on scheme:

Design, TRO (including consultation etc) and Procurement	£96,276.81
Construction	7
Contingency	£75,288.45
<b>TOTAL</b>	<b>£1,173,934.73</b>

**Highlight any associated risks/finance/legal/equality considerations:**

*Financial*  
There is a risk that the project may exceed the allocated budget. Robust programme management of this project on Verto will ensure programme and cost control. This will ensure timely decisions can be taken to mitigate this risk.

*Risk*  
There is a risk that undertaking construction works may impact on businesses, particularly emerging from COVID-19 situation which may cause additional pressure on businesses. Liaison with businesses has been maintained throughout development and delivery of project.

**Details of any alternative options considered and rejected:**

Not to progress with the project. This is not recommended as this will reduce investment in Hereford city centre which is not consistent with the council's corporate policy to support the local economy and growth.

To payback the Marches LEP grant funding and continue the scheme with Council capital only. This is not recommended as it will reduce the overall budget to £3m for investment within Hereford city centre reducing the programme scope and impact.

**Details of any declarations of interest made:**

None.