

Financing the Chard Public Realm Scheme

Executive Portfolio Holders:	Cllr. Val Keitch, Leader Cllr. Jason Baker, Chair Area West Cllr. Peter Seib, Finance Portfolio Holder
Strategic Director:	Jan Gamon, Director of Place and Recovery
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Purpose of the Report

1. This report outlines the current position relating to delivery of the Chard Regeneration Public Realm Scheme, which is an element of the overall regeneration programme, and outlines the additional funding required to deliver the scheme.
2. The report seeks approval from members to increase the approved net budget for the overall Chard Regeneration programme, to enable delivery of the Chard Public Realm Scheme.

Forward Plan

3. This report did not appear on the District Executive Forward Plan, as the additional funding needs were identified very recently, having taken the scheme to market.

Public Interest

4. The report seeks approval to increase the net budget for the Chard Regeneration Programme. This will enable us to enhance Chard's town centre, as well as ensuring access into the new Leisure Centre. Without this additional funding, SSSDC will not be able to open the new Leisure Centre on time and may also forfeit match funding for the town centre scheme provided by Historic England, through the High Street Heritage Action Zone programme.

Recommendations

5. That District Executive recommends that the Chief Executive approves:
 - a) an increase to the Chard Regeneration Programme's Net Budget of £412,500, to enable officers to issue a construction contract and deliver works that facilitate the opening of the Leisure Centre with no delay.



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b) that given this increase in expenditure is urgent and is required to deliver the agreed policy framework, and that the increased budget sought is less than 5% of useable reserves (totalling £22.8m as at 31 March 2021), District Executive funds this increase to the Net Budget by utilising the Medium Term Financial Support Fund earmarked reserve under its delegated authority (Part 3 of the Constitution, section 4:1).

6. That District Executive notes that:

c) the use of this reserve to fund the Chard Regeneration Programme will be reported to full Council in the Budget and Medium Term Financial Plan report and to Audit Committee in the Annual Outturn report as required in the Constitution (Part 3, section 4:1).

d) the Director of Place and Recovery and the Interim S151 Officer are currently undertaking a deep dive review of the Chard Regeneration financial position and the outcomes of this review, and any potential implications for the Council's revenue and/or capital budgets, will be reported to District Executive as soon as practically possible.

Background

7. Chard Regeneration focuses on regenerating the Boden Mill site in the centre of the town, including the new Leisure Centre and swimming pool, and revitalising the high street. Chard Regeneration sets out to boost the economy and make Chard a more attractive, engaging and vibrant place for people to live, work and spend time. The objectives of the programme are:

- To provide compelling reasons for residents and visitors to visit and use Chard town centre.
- To bring the key sites and buildings in Chard Town Centre back into economic and community use. This will stimulate physical regeneration and improve the vitality of the town centre.
- To increase the footfall within the town and support existing businesses.
- To improve the leisure and health offer in Chard for both local people and new visitors
- To reinvigorate and bolster the role of Chard as a Market Town and economic centre.

8. Phase 1 focuses on the Boden Mill and Lace Mill sites and the development of the new Leisure Centre. The Leisure Centre is now nearing completion and due to open in the winter of 2021/22.

9. Phase 2 focuses on the town centre, and includes improvements to the public realm – the areas of the street that is used by pedestrians. Ambitions for Chard's town centre public realm were set out in the 2019 Public Realm Strategy. It includes improvements to Fore Street around the Guildhall, Holyrood Street, and the Fore Street/Silver Street junction (Eastern Gateway), as well as Boden Street and Marketfield in order to provide access into the new Leisure Centre from the high street.



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10. SSDC was successful in bidding for Chard to become a High Street Heritage Action Zone (HSHAZ), attracting £1m from Historic England as part of the £95m government-funded scheme. This award has allowed us to progress a Public Realm Scheme which picks up all the key elements of the 2019 Strategy outlined above. In addition, the HSHAZ will also incentivise repairs to historic buildings and shopfronts through a grant scheme, and programmes of community engagement and cultural activity.
11. The Public Realm Scheme was designed to RIBA Stage 3 by October 2020, and has since then been progressing through the subsequent key stages: RIBA Stage 4 design, Highways safety and technical audit, S278 agreement, archaeology desk-based assessment, utility and other stakeholder consultation, and tender for construction contractors. The Chard Regeneration Board and – through its delegation – the Chard HSHAZ Project Board, have been regularly updated and involved in providing oversight and decision-making throughout this period.

Project Timeframe

12. The Public Realm Scheme includes upgrading two car park entrances in Chard which will provide essential access to the new Leisure Centre – namely Boden Street and Marketfield. It is a planning condition of the Leisure Centre that these improvements are made. To ensure no delay to the Leisure Centre opening, these works must be complete by 31st October 2021.
13. Funding allocated to the Public Realm Scheme by Historic England must be spent in this financial year – it is very unlikely that carry-over will be possible. Underspending in this financial year would also put SSDC at risk of reduced funding in the final two years of the HSHAZ programme. The deadline for completing the rest of the Scheme is therefore 31st March 2022.
14. In order to meet both these deadlines, SSDC must enter into contract with a construction contractor by 12th July 2021.

Project Cost

15. The agreed budget for the Chard Public Realm Scheme, RIBA Stage 4 to completion, is £1,331,153 of which £939,963 is SSDC funding. The scheme was designed to meet this budget following significant review of the RIBA Stage 3 designs, and value-engineering that included reducing the geographical scope down as far as it could sensibly be reduced, and targeting high quality specifications only for the areas of highest impact.
16. It is now evident that the cost of the Scheme from RIBA Stage 4 to completion will be £1,960,964. This is due to the current challenging market conditions and increased workload throughout the construction industry. The recovery of the national construction output to pre-Covid levels has been faster than expected. It has led to high demand for contractors and constrained capacity. At the same time, there is also increasing pressure around the availability of construction materials, and higher EU duties on some imports. This combination of factors is leading to shortages and extended lead times, and ultimately impacting on costs.



17. Much work has gone in over the last few weeks to try to bring the price of the Public Realm Scheme down again but the reality of the current market conditions and the complexity of a town centre highways scheme (underground utilities, etc.) mean that no palatable savings can be identified. Not acting now is likely to see costs increase further. Additional funding is therefore requested in order to progress.
18. Members are asked to commit a further £412,500. Historic England committed a further £79,000 to the scheme earlier this year, in order to ensure that conservation-appropriate, high quality materials can be used. Further funding of £138,311 to meet the total scheme cost comes from the Leisure Centre agreed budget and Chard Town Council.
19. The requested increase to the Net Budget includes a fixed price for construction of the scheme, minimizing SSDC's exposure to inflationary costs. It also includes approximately 3.5% contingency in order to deal with any further unexpected costs. This is considered prudent but not excessive, given that the form of construction contract will pass the majority of risk to the contractor.
20. As Members will be aware, SSDC will be asked to commit a commuted sum for maintenance of the completed scheme. The costs of this will be investigated as part of the deep dive review of the overall position as explained in paragraph 7 (d) above.

Financial Implications

21. It is recommended that the increase in the Net Budget sought of £412,500 is funded by using available balances in the Medium Term Financial Support Fund and by using the delegated authority given to District Executive to use reserves in this way when the expenditure is urgent and/or required to deliver the agreed policy framework and if the expenditure is less than 5% of useable reserves.
22. If approved this means that the Net Budget for the overall Chard Regeneration Programme will be £3,412,500.
23. The interim S151 Officer advises that useable reserves, as at the end of March 2021, total £22.8m (this excludes the NNDR, Commercial, and NNDR volatility reserves which the S151 Officer advises should not be used for this purpose). Obviously reserves can only be used once and the use of reserves for this purpose means other potential high priority spend may not be funded.

Legal implications (if any) and details of Statutory Powers

24. None.

Risk

25. Approving the additional budget for the Chard Public Realm Scheme will ensure that we can enter into a construction contract on 12th July and will mitigate against a



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delayed opening of the Leisure Centre, and delayed or failed delivery of the High Street Heritage Action Zone scheme, along with the reputational and financial implications of these two scenarios.

Council Plan Implications

26. The delivery of Chard's Public Realm Scheme and High Street HAZ, and the opening of the new Chard Leisure Centre, are amongst the Council's key priorities. This report therefore directly links to and supports these priorities.

Carbon Emissions and Climate Change Implications

27. None

Equality and Diversity Implications

28. This report has no direct implications as it relates to financing approach.

Privacy Impact Assessment

29. There are no identified issues relating to this matter.

Background Papers

None.