

Millers Garage Car Park Project, East Street, Crewkerne Request for Additional Funding from the Corporate Capital Contingency Budget

Executive Portfolio Holder: Cllr John Clark, Economic Development
Ward Member(s) Cllr Mike Best, Cllr Ben Hodgson, Cllr Robin Pailthorpe
SLT Lead: Jill Byron, Solicitor and Monitoring Officer
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Purpose of the Report

1. This report identifies the impact of inflation in construction costs on the forecast cost of this project and a request for additional funds from the corporate capital contingency.

Forward Plan

2. This did not appear on the District Executive Forward Plan. The general situation was included in the report to District Executive in July titled Review of 2022/23 Capital Programme. Members have indicated their wish to see this project proceed promptly and the aim is to complete before the end of March 2023. The percentage increase in estimated budget means it is not justifiable to commit project spending without confirmation of the additional funds.

Public Interest

3. This report contains an update on previously agreed proposals to construct a new long-stay car park near Crewkerne town centre on land owned by SSDC.

Recommendations

4. That the District Executive:
 - a. notes the updated position with this project and the estimate of the project cost.
 - b. notes the increase in the total budget for this project to £413,000.
 - c. agrees to fund £203,000 from the Corporate Capital Contingency Fund towards the Millers Garage Car Park Project as an addition to the budget approved by Full Council in February 2022.

Background



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5. SSDC purchased a parcel of land known as Millers Garage, Crewkerne in late 2014 for £225,000 with the aim of delivering additional long-stay car parking near the town centre, responding to a study of parking needs.
6. The car park has been designed to the stage required to apply for planning permission. The proposal was granted planning permission in August 2019 (18/00754/FUL). Enough of the implementation work has already been carried out for the development to be considered as having commenced for planning purposes. This has been confirmed by the planning officer.
7. Following purchase, time was spent exploring the potential to amend the development approach so that the land acquired by SSDC could help unlock the adjoining parcel in separate ownership. This has not been taken forwards.
8. The approved capital budget for 2022-23 includes £210,000 for this project. The current design will need to be developed by a consulting engineer to technical design, specification and tender package prior offering the package out for a tender process, contractor selection and construction.
9. The budget cost had been assessed a number of years ago and capital budget allocated to that. While possibilities were being explored, the capital budget was carried forward to successive years. The same amount was approved in the capital budget for 2022-23 and is not sufficient to complete the project.

The Current Position

10. The budget for this project has been reviewed and updated by officers. The officer team does not have the detailed data to achieve a high level of reliability. However, actual construction costs for a directly equivalent project, which was subject to competitive tendering in September 2020, have been taken as the basis. Using this base cost, 35% increase has been allowed for inflation to update the costs with additional provisions for various elements which were not included in the other project. Allowance has been made for 7.5% contingency and 12.5% professional fees.

Additional Budget

11. The updated costs assessment produces a total revised budget of £413,000. This is £203,000 above the amount allocated in the capital budget for 2022-23. This is the basis for the request for additional funds from the corporate capital contingency. Without the additional funds, the project cannot be delivered.
12. As the design is only developed to the stage for planning application at present, there is no opportunity for omissions while still meeting the overall objectives.

Commentary

13. The costing has been updated to the best ability of the officer team. As is typical of the evolution of construction projects, there remain two identifiable steps before a definitive cost would be known. The first is the production of detailed technical design and specification, with any necessary site investigations that may be required. The second is



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the tendering process with the aim of producing a fixed price at which a contractor will commit to a construction contract to deliver the project. There are normally still variables at that stage. These may be in the form of provisional sums for items that cannot be fully quantified or other areas where the client retain the risk, such as unforeseen ground conditions, pockets of contamination or exceptional weather events. The contingency will remain in place and is expected to be sufficient to cover those.

14. The project scale is relatively small and should require an actual construction period of around three months. It is considered reasonable to expect fixed price tenders for these works.

Financial Implications

15. The review of the budget for this project continues to be by the SSDC officer project team. It is therefore a lower degree of certainty than would exist at tender stage in the project.
16. Expectations are that cost inflation will continue to be relatively high for the foreseeable future. Accordingly, if there are material project delays those are likely to lead to further cost increases.
17. The increase in total budget is nearly doubling the amount approved in the Capital Programme in February 2022. This does involve a significant share of the total Corporate Capital Contingency Fund.

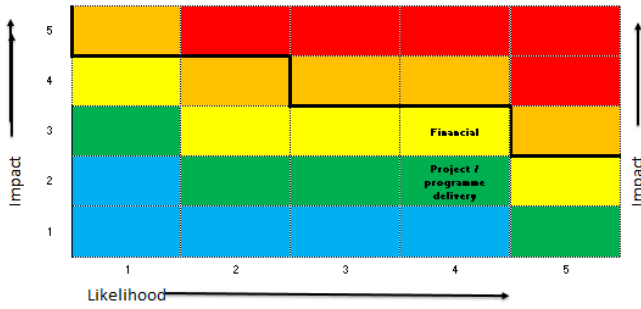
Legal implications (if any) and details of Statutory Powers

18. This project is identified as requiring sign-off by Somerset County Council within the Section 24 Directive and General Consents protocol, otherwise this report is a change of scope and budget which forms part of the standard budget management processes of the council.

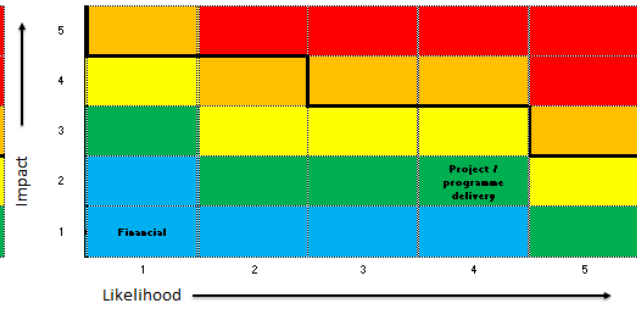
Risk Matrix



INHERENT RISK RATING (Before application of Report Recommendations)



RESIDUAL RISK RATING (After application of Report Recommendations)



Risk Ref	Risk Category	Inherent Risk Rating	Residual Risk Rating
1	Project / programme delivery	10	10
2	Financial	15	1
3	Delivery of Services	0	0
4	Staffing & Capacity	0	0
5	Reputation	0	0
6	Health & Safety	0	0
7	Governance & Legal	0	0

Risk Description	Mediation / Controls
Design, tendering and construction of new car park - programme and project risks including delays, unforeseen work and construction quality	Under the Alternative Development Proposal, the construction project delivery and risk associated with that will be the responsibility of a third party. However, the non-financial risks remain essentially the same
Cost increase risk around Pckge of construction delivery	Under the Alternative Development Proposal, the construction project delivery and risk associated with that will be the responsibility of a third party. SSDC will be fully sheltered from the cost risks
0	0
0	0
0	0
0	0
0	0
0	0

Council Plan Implications

19. This project contributes positively across the Council Plan themes – Protecting Core Services, Economy, Environment, Self-reliant communities.

Carbon Emissions and Climate Change Implications

20. There will be no impact on Carbon Emissions and Climate Change Implications if the recommendation is approved.

Equality and Diversity Implications

21. An equality relevance check has been undertaken on this proposal and there are no adverse implications.

Privacy Impact Assessment

22. There are no adverse personal data implications to this report.

Background Papers

January 2015 – District Executive	Notification of an Urgent Executive Decision - Acquisition of the Former Millers Garage Site, Crewkerne
9 June 2022 – District Executive (withdrawn from Agenda on 9 June 2022)	Millers Garage Car Park, Crewkerne