

Yeovil Refresh Scope Change Request

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Purpose of the Report

1. This report seeks to update the Yeovil Refresh budget in response to the increase of the cost to deliver the public realm improvement works. The report seeks approval from members to change the scope of the project to reflect the current forecasted costs.

Public Interest

2. The report seeks an increase to the Yeovil Refresh budget due to an increase in costs for the Public Realm works. The request includes an allocation of £0.821m from the corporate capital contingency fund. The fund was agreed as part of the 2022/2023 budget set in February 2022 to help to mitigate the risk of cost rises across the capital programme.

Recommendations

3. That District Executive agrees to recommend to Full Council to:
 - A) Reallocate £1.2m from the Yeovil Refresh Transport workstream to the Yeovil Refresh Public Realm Workstream.
 - B) A redesign of the Middle Street East section of the public realm.
 - C) The risk management proposal to not ring-fence funds for risks currently rated unlikely.
 - D) Allocate £0.821m from the corporate contingency fund to the Yeovil Refresh budget. This would leave the balance remaining of £0.833m in the Corporate Capital Contingency Budget.

National Context

4. High streets and town centres create jobs, nurture small businesses and inject billions of pounds into the county's economy. However, consumer patterns have changed and spending online has significantly increased. Therefore, in order to survive, High Streets need to refocus. The Government has described the need for a renewed emphasis on 'experience' bringing convenience, valuable services and a powerful sense of the community to the fore.



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5. The Future High Street Fund was set up to assist High Streets to adapt to the changing expectation of shoppers and visitors. The council was successful in securing significant funds for Yeovil High Street, as the ambitions set out in the Yeovil Refresh were considered to be transformative and the outcomes sought would ensure the future sustainability of the town centre.

Strategic Case

6. Yeovil is South Somerset's main retail and leisure centre, serving a population of approximately 167,900 and a catchment extending into Mendip District to the north and Dorset to the south and east. However, the town centre does not deliver the scale and range of retail, leisure, civic and other facilities expected of a principal centre of its size.
7. Yeovil is required to support 47% of South Somerset's housing need, equivalent to 7,441 homes and the difficulties in delivering housing have prevented the town centre achieving its potential. Unlocking town centre sites by addressing viability constraints will deliver much needed housing to support the sustainability and vitality of Yeovil's town centre.
8. Therefore, the Yeovil Refresh aims to deliver a comprehensive package of public realm improvements to transform the visitor experience, increase pedestrian safety and provide a new multi-use square for events and activities. This investment will also access and stimulate investor confidence in adjacent empty units.
9. The development investment will now be concentrated in the heart of the town centre, focussing on existing derelict and vacant buildings that are prevented from coming forward because of abnormal development costs. These buildings are sited at key Gateways within the High Street and their current dilapidated condition and boarded windows have a hugely detrimental effect on the High Street. Bringing forward much needed housing in the heart of Yeovil will also help to ensure the town's future sustainability. A large town centre population enabled by these investments will stimulate much needed footfall with associated multiplier effects, helping to generate greater levels of activity, regeneration and accelerated economic growth.

Background

10. The Yeovil Refresh is an ambitious programme seeking to transform the town centre through a range of projects and interventions. The programme is split into four themes which will be delivered by a number of different stakeholders. These are broadly defined as.
 - **Developments.** This relates to bringing forward empty buildings and stalled development sites within the town centre.
 - **Public Realm enhancements.** Improvements to core streets including Westminster Street, High Street, Borough, Middle Street, Triangle and Wyndham Street area. This will create a better shared space which will be greener and easier to navigate. A new events square will be created at the Triangle.



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- **Transport system changes.** Changes to road systems, additional cycle ways, improved walking routes, review of bus routes, car parking improvements and possible highways junctions.
- **Soft interventions.** This includes events programmes, markets, management of spaces in the town, evening economy changes and a range of other economic activities.

Current Financial Situation – Public Realm

Overall Financial Situation

11. The construction of the street sections is funded from three main sources and supported by the broader Yeovil Refresh budget.
 1. Westminster Street – SSDC
 2. Triangle and Wine Street – SSDC/ FHSF/Community Infrastructure Levy (CIL)
 3. Middle Street – SSDC/FHSF
 4. High Street and Borough – SSDC/FHSF
 5. Wyndham Street area - Section 106 funds and CIL
12. These sections are supported by a contingency budget allocated at the Full Council Meeting in February 2022. The Council has also identified an ear marked reserve to deal with the potential loss of FHSF for public realm works.
13. In total the Public Realm budget approved by Full Council is £11,220,000.
14. Sections 1 & 2 are currently being constructed and work will commence 16th January 2023 on the High Street section.
15. There are national and international issues that are currently impacting the cost of delivering construction projects, these include high levels of inflation, labour shortages and availability of materials.
16. There are also project specific risks in undertaking groundwork which include undefined costs of utility diversions, delays caused by other statutory organisations such as utility companies and Highways, and unexpected underground discoveries such as cellars, unmapped services and contaminated material.
17. Unfortunately, in the course of delivering the public realm works, all of the potential above risks have occurred and this has resulted in a significant impact on the cost of delivery.

Site Specific Costs

18. Costs are being experienced across the various sites relating to ground conditions created primarily by utility work or discovery of unknown structures for example cellars which have not appeared on mapping or using non- invasive surveys.

Westminster Street

19. The street was spilt into two sections with the South side now being substantively completed. There is a remaining BT chamber in the footway that requires attention but this work is programmed to be completed over the next few weeks.
20. In completing these works a number of defects have been identified relating to work undertaken by the former contractor Midas. Usually these defects would have been rectified under contract with Midas at no cost to the council but with Midas becoming insolvent, these works have been undertaken by the new contractor SWH. This combined with partial construction means that this section cost £414,890.00 to complete in addition to costs already expended to Midas. These costs will form part of the final accounts submitted to Midas administrator but it is unlikely that all these costs will be recoverable.
21. The North side which is now known as phase 2 is under construction. The updated Traffic Management Plan resulted in the need for a complete road closure. Permission for the road closure was granted but only from 7pm at night. Night work has significant cost implications. There are a number of factors which affect this including noise impacts, additional material costs, labour cost increase, reduced efficiencies and traffic management implications. Work can only take place in short shifts between 7pm and 11pm due to noise considerations, which has extended the length of the works programme which also has costs implications for example equipment is required for double the hire period. Liaison has continued with local businesses and residents in the affected area.
22. The projected costs of this section of street are £1.614m. A significant element of this cost, £0.551m relates to the need to work at night. However, these costs are very much the 'worst case scenario' as the project team are working with the contractors to reduce costs wherever possible and the contractors have now begun working in the daytime where possible, so one crew are working at night on the works that require the road to be closed and then another crew is working on the paving areas in the day that do not require heavy machinery to be positioned in the carriageway. This will reduce the forecasted costs and also improve the expected completion date. However, it has not been possible to quantify the level of the savings yet as the new working pattern has only recently been introduced.
23. BT issues in Westminster Street and Wine Street have also created delays and additional costs.

Triangle and Wine Street

Wine Street

24. Construction of Wine Street was problematic due to the changes to BT chambers. The chambers were finally completed in November following escalation of our complaints. This led to damage to paving which we are now pursuing via BT claim mechanisms. The area will be repaved when work is completed by BT in Westminster Street, as this is the most cost-effective way to deliver the work.

Triangle



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25. This is an extremely complex area due to the historic road network being a meeting point between Somerset and Devon. This essentially means all utility services pass through the area and are 'main service'. This includes a high pressure water main that feeds the town centre and Yeovil District Hospital. It also includes main high voltage supply for Yeovil Town centre.
26. In order to deliver the civic square four diversions are required. This is a complex logistical challenge, diverting one service is usually challenging.
27. The contractors have also encountered unmapped services which utility companies were unaware of and this means significant additional work and delay costs. The works now require a previously unknown need to carry out a sewer diversion at a cost of £0.552m. This cost is comprised of the work itself, delays, programme costs and impacts on other providers.
28. BT are also, at a late stage requiring a diversion costing circa £70,000 although we hope to recover this specific element via our contractors.
29. Walled up cellars were discovered in August, and the contractors have also now located the underground Victorian toilets. These have both been slabbed over with highway constructed over them.
30. At the time of writing this report there is a significant financial risk associated with this area that if the Temporary Traffic Regulation Orders (TTRO) are not granted in time there will be large delay costs incurred. However, the project team are working with County Highways colleagues to secure the TTRO's in time and remove this risk entirely.
31. The current scaffolding in Middle Street creates issues with the planned travel route, which will result in £0.324m potential costs if the scaffolding remains in situ when the diversionary works are finished and construction of the Triangle recommences. The project team are working with the owner to try to ensure the building is demolished before this date.
32. The big screen costs associated with installation are now defined as £0.201m. This is the full cost including all associated infrastructure and initial maintenance period of two years. The intention is to partially fund the cost through the complementary initiatives budget allocation.

Middle Street

33. There are projected cost increases relating to TTRO delays and site access issues. This is a 'worst case scenario' as the TTRO application is in process, however, the team feel it is prudent to include the financial risk in the current costs until such time as the issues are completely resolved and the risk removed.

Table 1. Forecast of Additional Costs



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Street Section	Amount over agreed budget
Westminster Street	£0.965m
Triangle and Wine Street	£2.101m
High Street, Borough and Middle Street	£0.177m
Wyndham Street Area	£0.010m
Additional Design and QS Team Costs	£0.345m
Utility Diversion Costs	£0.628m
Total	£4.226m

34. The above figures are not final actual costs. The figures include identified and costed risks that may or may not materialise as the project progresses.

Change of Scope Request

35. In order to mitigate the impact of the above forecasted costs, the team have undertaken a value engineering exercise that has identified savings of £0.719m.

36. A further workshop is planned to investigate the level of savings that could be made by changing the proposed 'tree pits' in High Street and Middle Street East to raised planting areas. The 'tree pits' entail utility diversions to allow for the tree roots, which the raised areas would not require. These diversions are costly and, as seen elsewhere in the works programme, can cause significant delays which leads to other additional costs. These changes need to be designed and costed but are likely to save at least £0.435m.

37. The current agreed Yeovil Refresh budget includes £1.2m of SSDC funds towards the construction of new cycleways leading in to the town centre. However, the project team have been able to secure external funding of £1.176m towards delivering these schemes. Therefore, this report recommends reallocating the original funding to the public realm works as it is no longer required for the active travel workstream.

38. This report also recommends reallocating £0.146m of the complementary initiatives funding towards the large screen that is to be erected in the Triangle.

39. The figures detailed in Table 1 above include costings for all current risks. Some of these risks are extremely unlikely and work is underway to remove them entirely. Therefore, this report recommends removing costs for the following risks:

- TTRO delays - discussions with SCC should have resolved this issue - £0.2m



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- Programme impacts of night work – limited day work now underway - £0.046m
- Reduce utility risk – alternative solution found in Westminster Street - £0.010m
- 47 Middle Street – if building not demolished in time costs would be sought from the owner - £0.324m

40. The changes identified in paras 37 – 41 would still leave £1.127m of the forecasted costs unfunded. Work has yet to begin on the Middle Street East section and if this work was removed from the current works programme it would generate an additional saving of £1.459m. However, it would reduce the scope of the project and therefore significantly reduce the intended outcomes. The project team are therefore proposing to alter the designs for this area with the aim of reducing the costs in the region of £0.7m. This work needs to be designed and costed yet but the proposal was supported by the Yeovil Refresh Board at the meeting held on 13th December 2022.

41. If the above redesign does indeed generate the level of cost reduction suggested, then the remaining potentially unfunded costs would be £0.427m.

Financial Implications and Risks

Future Risks

42. The reduction of the unfunded forecasted amount to £0.427m includes utilising all of the available project contingency. However, there are risks that are extremely likely to be realized as we continue with the construction works. Therefore, it would be prudent to include a project contingency as detailed in Table 2.

Table 2 – Future Contingency

Further Risks	Contract	Estimated Costs
Discovery of unknown services	Westminster Street Phase 2	£ 25,000
Contaminated material	Westminster Street Phase 2	£ 20,000
Contaminated material	Triangle & Wine Street	£ 10,000
Further Utility Delays	Triangle & Wine Street	£ 50,000
Contaminated material	Middle Street	£ 160,000
Discovery of unknown services	Middle Street	£ 80,000



Contingency for unknown risks	Overall	£	150,000
	Total Contingency Required	£	395,000

43. This would leave an outstanding funding requirement of an estimated £0.821m.

Financial Implications

Table 3 – Proposed Changes to Agreed Budget

	Budget approved by Council in February 2022	Revisions agreed in August 2022	Proposed Changes
	£000	£000	£000
Public realm enhancement works	10,329	11,220	2,021
Transport system changes	1,586	0	- 24
Major Projects	9,323	0	0
Budget increase to purchase potential property	600	- 600	0
TOTAL BUDGET	21,838	22,129	24,122

44. The current approved capital budget for the Yeovil Refresh is £22.129m. This report requests a budget increase of £1.997m making the revised budget £24.122m. The requested increase consists of £1.176m of external funding and £0.821m from the corporate capital contingency fund.

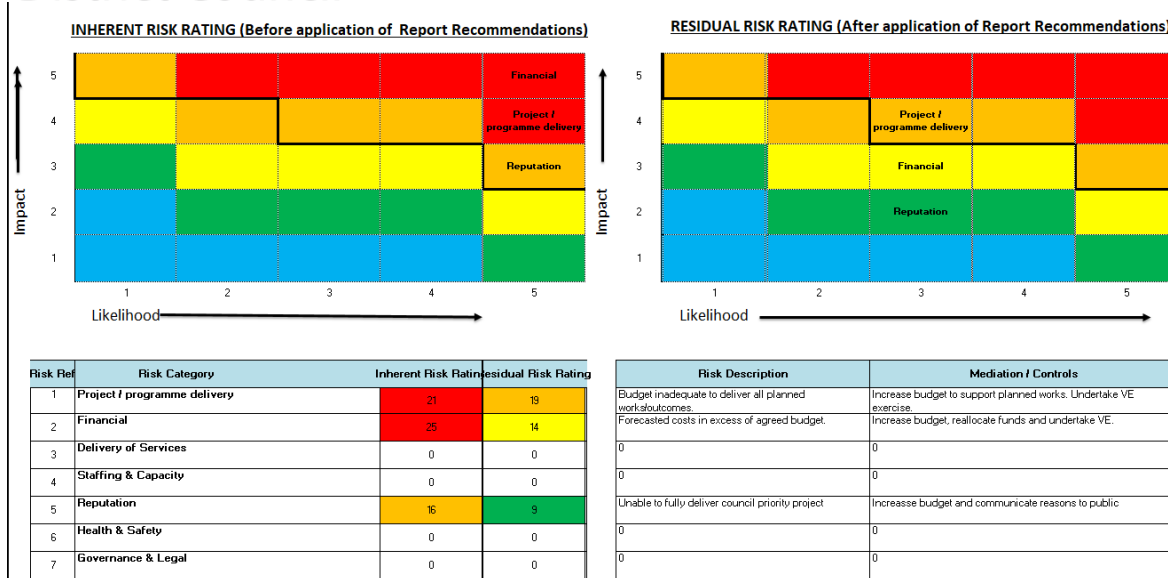
45 The corporate capital contingency fund of £4m was approved by Full Council in February 2022 as part of the 2022/23 capital programme. Therefore, the approval of the £0.821m from the contingency fund does not result in additional financial implications to the Council. This would leave the balance remaining of £0.833m in the Corporate Capital Contingency Budget.

Legal implications (if any) and details of Statutory Powers

46 The recommendations will update the budget approach and value related to Yeovil Refresh. This will ensure compliance with the council's standing orders and financial regulations.

Risk Matrix

47 The risk matrix shows risk relating to the Council Plan headings.



Council Plan Implications

- 48 The delivery of Yeovil Refresh forms part of Priority Project 2 of the Council Plan. This report therefore directly links to and supports this priority.

Carbon Emissions and Climate Change Implications

- 49 None identified.

Equality and Diversity Implications

- 50 The Refresh itself has been subject to consultation on a number of occasions. Specific projects are also subject to full Equality Impact Assessments with appropriate adjustments being made to projects in line with identified issues. This report itself has no direct implications as it relates to financing approach but has been reviewed in line with Council policy to ensure consideration of these issues.

Privacy Impact Assessment

- 51 There are no identified issues relating to this matter.

Background Papers

- 52 None.