

Report of: Strategic Director, Physical Environment

To: Executive Board

Date: 29th January 2007

Item No:

To: Council

Date: 12th February 2007

Item No:



Title of Report : Major Project Approval for the Bonn Square redevelopment and associated issues



Summary and Recommendations



Purpose of report: To request Major Project Approval for the Bonn Square redevelopment scheme.



Key decision: Yes

Portfolio Holder: Cllr John Goddard

Scrutiny Responsibility: Finance



Ward(s) affected: Carfax

Report Approved by

Portfolio Holder: Cllr John Goddard

Legal: Jeremy Thomas

Finance: Sarah Fogden

Property: John Kulasek

Strategic Director: Sharon Cosgrove



Policy Framework: The Oxford Plan
Oxford Public Realm Strategy



Recommendation(s):



The Board is asked:



1. to grant major project approval for the redevelopment of Bonn




Square conditional upon Council approving the request to increase the capital budget to £1,912,000 on 12th February 2007 but recognising that implementation will be phased in line with the receipt of funding;

- 2. to commence tendering for Phases 1a, 1b and 2 but ensuring that contractual commitment is restricted only to those items of work which can be financed from available funds;**
- 3. to authorise the Strategic Director (Physical Environment) to amend the order in which elements of the scheme are progressed should either or both of the outstanding statutory 'planning' consents be refused;**
- 4. subject to approval of a grant of £750,000 from the New Growth Points Fund, to waive paragraph 11.09 of the Contract Regulations and authorise the Strategic Director (Physical Environment) to accept the most economically advantageous tender for such phases of the scheme as are determined under item 3 above;**
- 5. to take an appropriate interest in the Baptist Church forecourt to enable the approved scheme to be built;**
- 6. to enter into a Highways Agency Agreement with the County Council under s278 to enable works to the highway to be carried out and for highway maintenance.**

Council is asked:

- 1. to approve the increase in the capital budget to £1,912,000 conditional upon the funding being received.**

Introduction

1. The background to this report is contained in two earlier reports to Executive Board:
 - (i) on 7th February 2005 the Board approved the brief for the International Design Competition; and,
 - (ii) on 11th July 2005 the Board endorsed the competition-winning scheme for further development and for submission for planning and other approvals, including expenditure of up to £175,000 for  investigations and other preliminary work.
2. This report outlines progress that has been made on the scheme since July 2005 and seeks major project approval for it.

Progress on Design

3. The scheme now has the benefit of:

- planning permission and advertisement consent granted by the Central South and West Area Committee on 13th June 2006;
 - conservation area consent and listed building consent granted by the Government Office for the South East in August 2006.
4. There are two outstanding statutory 'planning' consents:
- the New Road Baptist Church is seeking listed building consent from the Baptist Union to remove the walls and railings around their forecourt;
 - an application for a Faculty from the Oxford Diocese has been made by the City Council seeking approval for works to the former graveyard (it is consecrated ground). This decision is expected imminently and will be reported if available by the time of the meeting.
5. Applications for the necessary consents under the Highways Acts are being progressed in consultation with the County Council. These will enable works to the highway to be carried out and for maintenance.

Total Project Costs

6. With fees (20%); preliminaries, design reserve and contingencies (27%); and inflation included to October 2008 (14.22%) the scheme is estimated to cost £1,912,000 as shown in the table below.

| | Estimated cost | Already spent (to end December 2006 – approval to spend £175,000 already given by Executive Board) | |
|---|-----------------------|---|-----------------|
| Design competition | 31,500 | 31,500 | |
| Pre-tender surveys and research (to mitigate risk and inform the design) | 27,500 | 21,100 | |
| Consultancy for public realm art | 7,500 | 7,500 | |
| Hard Landscaping | 1,090,000 | 101,100 (fees only – full amount to end of tender period estimated to be £199,500 – an additional 98,400) | |
| Soft landscaping | 12,500 | | |
| Street furniture | 134,500 | | |
| Lighting | 234,500 | | |
| Arts Totem | 109,500 | | |
| Signage (Baptist Church) | 5,500 | | |
| Bronze sculptures | 137,000 | | |
| Net additional costs for phased scheme | 122,000 | | |
| Total | £1,912,000 | | £161,200 |

Funding arrangements

7. On 24th October the Government announced that it was minded to make a grant of £750,000 towards the scheme as part of its New Growth Points Fund. This grant is subject to approval of an economic appraisal, which has now been submitted. Final approval of this award is expected by the end of March 2007. The award has to be spent by 31st March 2008.
8. Capital Shopping Centres has agreed to contribute £500,000 towards the scheme but this is not available until commencement of the Westgate redevelopment which is possibly February 2008.
9. The Council's capital programme includes £231,700 for Bonn Square, from which authority has already been given to spend £175,000. The remaining £56,700 in this budget will need to be spent to complete the design stage of the scheme up to the end of tendering in order to meet the Government's New Growth Points Fund spending deadline of March 2008.
10. The Arts Council through Oxford Inspires has made a grant of £30,000. The Oxford Preservation Trust has agreed a grant of £1400.
11. Applications for grant made to SEEDA and the Trust for Oxfordshire's Environment (which administers landfill tax grants) have been rejected.

| Source | Amount | Comment |
|----------------------------------|-------------------|--|
| New Growth Points Fund | £750,000 | will be decided in March 2007 – risk of failure to secure the grant considered to be low |
| Capital Shopping Centres | £500,000 | secured – available in 2008 |
| City Council Capital Programme | £231,700 | |
| Arts Council via Oxford Inspires | £30,000 | secured |
| Oxford Preservation Trust | £1,400 | secured |
| total secured (rounded) | £1,513,000 | |
| Cost of scheme | £1,912,000 | |
| Shortfall | £399,000 | |

12. As shown in the summary table above therefore, funds available to build the scheme stand at £1,513,100 leaving £399,000 to be secured through further fundraising efforts. Officers are already pursuing a fundraising strategy that identifies a range of potential contributors such as: government bodies; national and local retailers, businesses and the tourism sector; the national and local arts community; charitable trusts; and the Bonn link. The strategy identifies the potential benefits to these parties of participation in the scheme and sets targets for contributions. Given the range of potential contributors it is considered feasible to achieve this sum.

Accelerated consideration of the project programme

13. Normally, project approval would not be sought until the sources of all funding had been identified and all consents in place. Accelerated consideration of the project programme is now however necessary in order to secure the Government's New Growth Points Fund grant of £750,000 which is only available within a very tight deadline.

14. Given the need to accelerate the programme, an external consultant has scrutinised all the project papers to date and reports that he has no issues to raise. He is still considering the proposals for implementation and will report on those by the time of the Board meeting.

Phased implementation

15. In order to spend the Government's grant of £750,000 by 31st March 2008, it is suggested that the scheme will have to be implemented in three phases (1a and 1b, 2, 3a and 3b). The physical extent of these is shown on the plan in Appendix 1. Their estimated costs are set out in the table below.

| Estimated remaining costs of scheme in phases including preliminaries, design reserve, contingencies, inflation and fees. | | | | |
|--|---|---|---|---|
| Phase 1a | Phase 1b | Phase 2 | Phase 3a | Phase 3b |
| Landscaping of the former graveyard together with the forecourt to Baptist Church | Lighting columns and street furniture within the area of phase 1a | Landscaping the length of New Inn Hall Street within the square | Landscaping the length of Queen Street within the square. | Bronze sculptures located over the whole square |
| 750,500 | 191,000 | 127,000 | 477,500 | 100,000 |
| Total £1,646,000 | | | | |

16. Subject to confirmation of the New Growth Points Fund grant, construction of Phase 1a can commence and can 'stand alone' from the remainder of the scheme until the later phases have been constructed. Phase 1b is the lighting columns and street furniture for phase 1a for which a specific fundraising programme will commence immediately. Phase 2 will have to be delayed until further funds are raised although it is suggested that this phase be tendered now so that should the funds become available, construction can commence without delay. Sufficient funds are committed for Phase 3a to allow for commencement as soon as demolition and reconstruction of the front of the Westgate Centre has been completed (earliest likely to be October 2008). Specific fundraising will allow the installation of bronze sculptures as Phase 3b.

Implementation timetable for Phase 1a

17. Construction of Phase 1a will commence in mid-May 2007 having been tendered in mid-March 2007. Phase 1a will be complete by the end of November 2007, which avoids the Christmas shopping period.

Procurement

18. The total cost of the scheme is below the OJEU threshold because the majority of the contract will be for what OJEU defines as civil engineering and associated works. It is therefore proposed to tender in line with the Council's Constitution using the open tendering procedure.

Management and Mitigation of Risk

19. A full risk assessment has been carried out and all identified risks are being managed and mitigated where possible. The external consultant (see paragraph 13 above) regards the risk assessment as being very comprehensive and may have detailed comments on it by the time of the board meeting. The main groups of concerns are:

- **Failure to secure the additional funding required:** this risk is considered to be low. Officers are in regular dialogue with GOSE on behalf of the Department for Communities and Local Government who, whilst unable to make a firm commitment, have given no indication that the New Growth Points Fund grant is at risk. A fundraising strategy is in place for the remaining £399,000 of funding and work on this will commence in February;
- **Failure to secure outstanding external consents:** strenuous efforts are being made by officers and external partners to ensure that the scheme is fully understood by the relevant decision makers;
- **Unexpected discovery of underground problems during construction:** considerable investment has been made in surveys, excavations and trial holes to acquire as much information as possible about underground conditions and services in order that this risk is minimised. A contingency sum is included in the costs to enable this risk to be managed should it arise; and,

- **Abortive costs:** £231,700 from the Council's capital budget will have been spent on the scheme ahead of implementation. Under Part IV of Local Government and Housing act 1989, if the project did not go ahead for any reason, this sum of money could not be funded from capital: it would need to be funded from a revenue budget. In those circumstances, the Oxford Inspires grant of £30,000 may also have to be repaid.

20. The balance of financial risk is between a possibility that £394,000 may not be raised to complete the scheme as designed; as against the certainty that the £231,700 spent from the Council's capital programme will have to be funded from revenue if, for any reason, the scheme does not go ahead.

Alternative options

21. The Council can implement the scheme in phases commencing Phase 1a of the scheme now and making full use of the New Growth Points Fund grant which is being offered.

22. Alternatively, the Council could wait until all the funds have been secured before agreeing to commence construction. However, this will not meet the deadline for claiming the New Growth Points Fund grant thereby forgoing the £750,000 on offer and making the total amount required much more difficult to achieve.

History of Consultation

23. The public and interested parties have been informed and consulted at several points during the development of the scheme. This has been by means of consultation letters, meetings, site notices, exhibitions, press briefings, other media coverage and publicity through the Council's website.

24. Consultation was particularly highlighted:

- on the Council's own proposals in summer 2004;
- on the draft design brief for the International Design Competition in winter 2004;
- on the 6 short listed schemes from the design competition – in summer 2005 by means of press coverage, and exhibitions in Ramsay House and at Modern Art Oxford;
- on the winning scheme in summer 2005;
- as part of the planning application processes in spring 2006; and,
- as part of the application processes to the Baptist Union and Oxford Diocese.

25. No further consultation is required. The public and interested parties will however be kept informed about the scheme and its progress.

Partnership with the New Road Baptist Church

26. The New Road Baptist Church forecourt is an integral part of the approved design. The certainty that this element of the scheme can be constructed will not be known until the decision on the listed building consent application is known (paragraph 3 above). For construction of the scheme to proceed over the forecourt, the Council needs to take an appropriate interest in it. This will also enable the Council to have some control over the management and maintenance of the square.

Financial Implications

27. The Financial Profile for the project is attached as Appendix 2.

28. Detailed enquiries have confirmed that the **revenue costs** for cleaning the redeveloped square, for maintaining the trees, and for routine and structural maintenance of the highway will be met from existing budgets.

Recommendations

29. The Board is asked:

1. **to grant major project approval for the redevelopment of Bonn Square conditional upon Council approving the request to increase the capital budget to £1,912,000 on 12th February 2007 but recognising that implementation will be phased in line with the receipt of funding;**
2. **to commence tendering for Phases 1a, 1b and 2 but ensuring that contractual commitment is restricted only to those items of work which can be financed from available funds;**
3. **to authorise the Strategic Director (Physical Environment) to amend the order in which elements of the scheme are progressed should either or both of the outstanding statutory 'planning' consents be refused;**
4. **subject to approval of a grant of £750,000 from the New Growth Points Fund, to waive paragraph 11.09 of the Contract Regulations and authorise the Strategic Director (Physical Environment) to accept the most economically advantageous tender for such phases of the scheme as are determined under item 3 above;**
5. **to take an appropriate interest in the Baptist Church forecourt to enable the approved scheme to be built;**
6. **to enter into a Highways Agency Agreement with the County Council under s278 to enable works to the highway to be carried out and for highway maintenance.**

30. Council is asked:

1. **to approve the increase in the capital budget to £1,912,000 conditional upon the funding being received.**

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Background papers: None



FINANCIAL PROFILE - BONN SQUARE REDEVELOPMENT

(A) Expenditure pattern compared to provision in Capital Programme

| | 2006/07 | 2007/08 | 2008/09 | Total |
|--|--------------|--------------|--------------|----------------|
| | £ 000's | £ 000's | £ 000's | £ 000's |
| EXPENDITURE FOR WHICH APPROVAL SOUGHT | | | | |
| Design & Prelim work | 266.0 | | | 266.0 |
| Phase 1a | | 750.6 | | 750.6 |
| Phase 1b | | | 191.0 | 191.0 |
| Phase 2 | | | 127.0 | 127.0 |
| Phase 3a | | | 477.5 | 477.5 |
| Phase 3b | | | 100.0 | 100.0 |
| | 266.0 | 750.6 | 895.4 | 1,912.0 |
| PROVISION IN CAPITAL PROGRAMME | | | | |
| Amount where MPA approval already given (eb | 175.0 | | | 175.0 |
| Amount where Budget but require MPA | 56.0 | | | 56.0 |
| Oxford Inspires | 30.0 | | | 30.0 |
| | 261.0 | 0.0 | 0.0 | 261.0 |
| New Growth Points | | 750.0 | | 750.0 |
| | | | | 0.0 |
| Westgate Redevelopment | | | 500.0 | 500.0 |
| | | | | 0.0 |
| Balance to find | 5.0 | 0.6 | 395.4 | 401.0 |

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

(B) Subjective Analysis of Capital Expenditure

| | 2006/07 | 2007/08 | 2008/09 | Total |
|---------------------------|---------|---------|---------|---------|
| ESTIMATED PER THIS REPORT | £ 000's | £ 000's | £ 000's | £ 000's |
| WORKS | | 702.7 | 857.8 | 1,560.5 |
| FEES | 266.0 | 47.9 | 37.6 | 351.5 |
| | 266.0 | 750.6 | 895.4 | 1,912.0 |
| LAND / PROPERTY | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL GROSS COSTS | 266.0 | 750.6 | 895.4 | 1,912.0 |

(C) On going Revenue Consequences

| REVENUE COSTS | 2005/06 | 2006/07 | 2007/08 | Full year cost |
|---------------|---------|---------|---------|----------------|
| | £ 000's | £ 000's | £ 000's | £ 000's |
| EMPLOYEES | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | |
|--|-----|-----|-----|-----|
| RUNNING EXPENSES | 0.0 | 0.0 | 0.0 | 0.0 |
| INCOME | 0.0 | 0.0 | 0.0 | 0.0 |
| CAPITAL FINANCING COSTS | 0.0 | 0.0 | 0.0 | 0.0 |
| NET REVENUE COST TO COUNCIL (BEFORE VAT IMPLICATIONS) | 0.0 | 0.0 | 0.0 | 0.0 |