

CABINET

21 April 2008

ENVIRONMENTAL IMPROVEMENTS: DENMEAD VILLAGE CENTRE

REPORT OF HEAD OF STRATEGIC PLANNING

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RECENT REFERENCES:

None.

EXECUTIVE SUMMARY:

This report follows protracted negotiations which have taken place with the multiple owners of the western part of the shopping forecourt in Denmead village centre. These negotiations, intended to progress the implementation of the second and final phase of improvement to the shopping centre, have produced unavoidable complications in relation to a proposed legal Agreement. Such an Agreement is necessary in order to protect any forecourt works and, therefore, the public investment in this important project, for an agreed period following their completion.

All negotiations having now been concluded, it is possible to move forward to letting a contract for the construction work to be undertaken and the scheme completed. However, due to the delays involved costs have, during the past financial year, increased with particular regard to fuel, transport and various materials.

Those increases have resulted in a revised estimate of overall project costs, including fees. Although the present estimate could be refined only after more detailed contractor discussions, the best information available at the present time indicates that the original budget allocation for this scheme of £62,000 would now need to be increased to a total sum of £70,000, in order to cover project costs and be able complete this environmentally important scheme without further delay. Costs incurred in the financial year 2007/08 on the scheme amount to £6,000, leaving £56,000 to be carried forward in the capital programme from 2007/08 to 2008/09.

It is, therefore, recommended that Cabinet should agree to this carry forward and to a supplementary capital estimate of £8,000, to be funded from the Major Investment Reserve to provide the increased budget allocation necessary to meet the anticipated cost of the works proposed.

RECOMMENDATION:

- 1 That Cabinet agrees to proceed with the second and final phase of the Denmead Village Centre Improvement Scheme and, in order to implement this approves:
  - (i) the carry forward of £56,000 in the capital programme from 2007/08 to 2008/09, and
  - (ii) a supplementary capital estimate of £8,000 to be funded from the Major Investment Reserve.

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#### REPORT OF HEAD OF STRATEGIC PLANNING

#### DETAIL:

##### 1 Introduction

- 1.1 With the adoption of both the District Local Plan and its more recent replacement, the District Local Plan Review, the City Council firmly re-stated its earlier commitment to encourage and carry forward the improvement of Denmead's village centre. Having kept in regular contact with the Parish Council, the local business community and groups generally representative of local residents it has been made clear to the Council throughout this period that, among other possible measures, the visual and functional improvement of the shopping parade and its forecourt are essential to the continuing vitality of this local shopping centre and, from this, the relative self-sufficiency of this village community.
- 1.2 The village centre shops and other associated businesses have, for many years, operated in a challenging and highly competitive climate. The availability and convenience of car-parking immediately in front of the shopping parade has been a significant factor in maintaining their commercial viability. The scheme of improvements is, therefore, intended to maintain this particular advantage enjoyed by the village's shopping centre and, at the same time, make the forecourt more visually attractive as a focal element within the hub of the village.
- 1.3 In order to undertake the necessary improvements in a co-ordinated way and with reduced disruption, the scheme was divided into two phases. The first of these was undertaken and completed in 2002

##### 2 Recent Negotiations

- 2.1 Since then further negotiations have continued with the aim of progressing the scheme's second phase. These negotiations have taken place, primarily, with the owners of the 'western' part of the forecourt, the improvement of which would complete the overall programme.
- 2.2 Before this could be progressed it has, however, been necessary to secure the second phase owners' collective (and individual) acceptance of the terms of a legal agreement intended to protect the City Council's investment in this improvement project. Such an Agreement, which also requires the formal assent of tenants and mortgage-holders where applicable, would run for a period of five years following the completion of the works.
- 2.3 However, as with the first phase, a number of detailed concerns have arisen, mainly as a result of the complex pattern of private ownerships and tenancies. This factor, coupled with rights of access which have had to be accommodated by the scheme, has resulted in slow progress being made over a period of many months.

- 2.4 During the past financial year (2007/08), construction and transport costs have risen. Despite the fact that three WCC approved contractors have recently indicated their willingness to be considered again for this delayed phase and have, as result, been asked to submit formal quotations for the work, there is no doubt that such cost increases are unavoidable and would need to be reflected in a re-negotiated tender process. Nevertheless, in order to keep costs to a minimum and provide best-value, this stage would be based on the adopted Hampshire County Council 'tendering framework'; which assists in making the process as competitive as possible and does offer worthwhile savings by standardising various cost elements.
- 2.5 That being the case, the Council's Head of Access and Infrastructure has, on the basis of the best information currently available, examined the issue of cost increases over the past year and has concluded that it would be reasonable to advance contractor negotiations, on the basis of the original budget allocation of £62,000 for the Phase II works having been increased to £70,000. This enhanced amount should be sufficient to cover all construction costs and appropriate fees, assuming an early start to the work.
- 3 Conclusion and Recommendation
- 3.1 Unavoidable delays with the second phase of this scheme have resulted in an accelerating deterioration in the surface and sub-surface of the western forecourt area, to the point where there are now concerns for pedestrian safety. It is, therefore, of importance from community, commercial and amenity standpoints that the planned improvements, which including tree planting and new storm drainage, should be concluded as quickly as possible.
- 3.2 Consequently, it is recommended that in recognition of the unusual circumstances in this instance and the Council's long-standing aim of carrying out these necessary improvements, Members should consider proceeding on the basis of the adopted Phase II programme. If that is agreed, it would then be the intention to press ahead as quickly as possible, to let an appropriate contract and undertake the remaining works.
- 3.3 With regard to the costings for this project it is not yet possible, as explained in paragraphs 2.4 and 2.5, to produce a finalised figure. However, an informed estimate on the basis of the best information currently available indicates that a total sum of £70,000 should be sufficient to cover all construction costs and any associated supervisory fees on behalf of the Head of Access and Infrastructure. Costs incurred in the financial year 2007/08 on the scheme amount to £6,000, leaving £56,000 to be carried forward in the capital programme from 2007/08 to 2008/09.
- 4 It is, therefore, recommended that Cabinet should agree to this carry forward and to a supplementary capital estimate of £8,000, to be funded from the Major Investment Reserve to provide the increased budget allocation necessary to meet the anticipated cost of the works proposed.

OTHER CONSIDERATIONS:

5 CORPORATE STRATEGY (RELEVANCE TO):

- 5.1 Economic Prosperity: to help achieve this, over the next five years, the City Council will support vibrant city, town and villager centres and provide the environment and facilities for business start up and growth within the District.

6 RESOURCE IMPLICATIONS:

- 6.1 These are covered in the main report.

BACKGROUND DOCUMENTS:

File held by the Policy Group's Strategic Planning Team.

APPENDICES:

None.