

North Somerset Council

REPORT TO THE COUNCIL

DATE OF MEETING: 14 MAY 2019

SUBJECT OF REPORT: HOUSING INFRASTRUCTURE FUND (FORWARD FUND) COMMISSIONING PLAN APPROVAL

TOWN OR PARISH: BANWELL AND LOCKING

OFFICER/MEMBER PRESENTING: THE EXECUTIVE MEMBER FOR PLANNING (EXCLUDING WESTON URBAN EXTENSION), HIGHWAYS, TRANSPORT, HOUSING AND ECONOMIC DEVELOPMENT

KEY DECISION: NO

RECOMMENDATIONS

It is requested that the Housing Infrastructure Fund (HIF) (Forward Fund) Commissioning Plan be approved to proceed.

In order to minimise delay to the programme and subject to the recommendation above, delegate to the Executive Member for Planning, Highways, Transport, Housing and Economic Development, receipt of the Housing Infrastructure Fund grant.

1. SUMMARY OF REPORT

- 1.1. North Somerset Council Submitted an Expression of Interest on 28 September 2017 to the HIF Forward fund. The objectives of this bid are to provide infrastructure and educational provision to support the delivery of housing allocations, which are identified in the Joint Spatial Plan (JSP) for Strategic Development Locations (SDL) at Banwell and Mendip Springs and it incorporates the existing requirements of the North Somerset's Local Plan to 2036, including homes at Weston Villages.
- 1.2. Following a successful shortlisting, council on the 8 May 2018, gave authority to work up the business case for this project, as part of Stage two: Co-Development. This work was completed, and the HIF business case was submitted on 7 February 2019.
- 1.3. A decision from the Ministry of Housing, Communities and Local Government (MHCLG) on North Somerset's HIF bid is expected around June 2019. In preparation for this announcement and to ensure officers can maximise the time available, given completion of all infrastructure works are currently required to be completed by March 2023, it is requested that the commissioning plan is approved. The next opportunity to seek approval would be the 23 July 2019 which could create programme challenges in the design and delivery of the infrastructure resulting in further pressure on the March 2023 completion date.

1.4. The core objectives flowing from our commissioning plans throughout the procurement lifecycle, which will benefit from early preparation and use of limited time prior to the March 2023 completion date, will be:

- To deliver infrastructure that maximises, underpins and de-risks associated development in the shortest possible timeline;
- To identify and deliver infrastructure that is affordable and provides good value for money;
- To identify and deliver infrastructure that meets the needs of all stakeholders including developers and local communities; and
- To minimise environmental impacts of the infrastructure.

In achieving this, we will:

- Optimise whole-life costs;
- Apportion risk to the party best able to manage those risks;
- Incentivise innovation during both procurement and construction stages;
- Maximise Social Value – tangible and quantifiable benefits in line with Council Social Value Policy.

1.5. No actual contracts can be awarded to any third parties until the Council has secured and accepted HIF funding from MHCLG (with associated terms and conditions). The contract award reports will be submitted to Executive or Director in accordance with the Contract Standing Orders (see section 5 table 2).

1.6. The HIF enabling infrastructure work; namely the core work Banwell bypass and Secondary School will require a number of contracts to design and deliver the works identified. These proposed packages are outlined in section 3 of the report

1.7. The current working programme headlines are detailed below.

- Grant Approval Spring 2019
- Grant Receipt Decision Summer 2019
- Design/Development Autumn 2019
- Procurement Spring 2019
- Planning/Legal Autumn 2020
- Works commence Autumn 2021
- Works complete Spring 2023

2. POLICY

This supports Core Strategy polices including:

- CS10 Transportation and movement
- CS12 Achieving high quality design and place making
- CS13 Scale of new housing
- CS14 Distribution of new housing
- CS15 Mixed and balanced communities
- CS16 Affordable housing
- CS20 Supporting a successful economy

3. DETAILS

3.1. As part of the Stage 2 submission a number of workshops and market engagement events were held to help inform the procurement methodology and packages required. These events, in conjunction with the council's previous project delivery and chosen procurement routes, such as the use of frameworks, will help inform the detail procurement plan, post commissioning plan sign off. Further engagement post bid submission has taken place, to assess current market conditions.

3.2. The HIF bid infrastructure proposal covers:

- Banwell Bypass, on-line improvements to the local road network, strategic capacity improvements to utilities, flood management, Weston Villages new secondary school places provision.

Contract One: Legal Services

3.3. The Council will need to appoint specialist legal support to undertake a broad range of legal duties;

- Advice on contractual and procurement strategy and related matters;
- Advice on and review of EIA scoping report;
- Review and support planning application documents;
- Undertake Compulsory Purchase Order (CPO) preparation, marking and confirmation;
- Undertake Side Road Orders (SRO) and other Statutory Order work as needed;
- Support and undertake as needed CPO/SRO Inquiry

Contract Two: Land Agent

3.4. The Council will need to appoint specialist land agent support to undertake a wide range of duties;

- Acquisition strategy;
- Land assembly strategy;
- Regular review and update of compensation estimates;
- Compile a Risk register;
- Special categories of land and occupiers;
- Establish the powers required; and
- Establish a Land Assembly Group.

Contract Three: Banwell Bypass Design

3.5. Specialist and wide-ranging design expertise will need to be appointed to undertake the design development, environmental appraisal and planning documentation needed for the Banwell Bypass and associated infrastructure; flood mitigation and utility provision. The organisation appointed will also form part of the expert witness at any planning or public inquiry.

Contract Four: Secondary School Design

3.6. The new secondary school would follow the RIBA stages and during stages 2 – 4 where detailed design, logistics and planning applications would be submitted. External professional services will need to be appointed to enable this work stream

to be undertaken, which will inform the tender package that will be issued for the procurement of the construction partner.

Contract Five: The Banwell bypass, on-line transport works and flood mitigation

3.7. These works will require a Civil Engineering contractor to deliver the physical works as follows.

- The Banwell Bypass: a highway link providing direct access to the Banwell SDL with all associated drainage, footway and carriageway construction, structures and junctions.
- On-line highway improvements complementary to the bypass and essential to increase capacity within the surrounding network including at J21. The corridors to the east on the A368 and to the west on the A371 require junction and link improvements.
- Flood mitigation measures in relation to the Banwell Bypass. These consist of ground lowering and pipes / culverts to maintain connectivity of the flood zone.

Contract Six: Utility Upgrades

3.8. Utility upgrades will be required to provide sufficient additional capacity to support the additional housing planned. This will require appointment of Utility Companies direct to provide the reinforcement of their apparatus:-

- 33kV & 11kV electricity extensions and a new substation. (Western Power)
- Reinforcement and extension of gas pipe network. (British Gas)
- Extension of foul sewers and upsizing of existing pumping mains (Wessex Water).

Contract Seven: Secondary School Construction

3.9. Land for new secondary provision at the Weston Villages has been secured through a S106 agreement and has outline planning consent in place as part of the wider strategic developments. The construction of the school will provide for an initial 900 pupil capacity, with the wider provision to expand to a 1,200 school capacity.

4. CONSULTATION

4.1. Education Provision in North Somerset ~ A Commissioning Strategy 2018 – 2021 was the subject of public consultation during the period 5 March to 27 April 2018. The strategy sets out how the Council hopes to work with existing and new partners to deliver the right number of school places in the right locations to meet Basic Need.

4.2. A productive market engagement event was held with 12 highways construction companies on 7 November 2018 to establish the appetite for the Bypass scheme and the best procurement route.

5. FINANCIAL IMPLICATIONS

- 5.1. HIF Forward Fund will if awarded provide funding to cover all the commissioning plan contracts detailed. The value of the HIF bid is £97,067,553.
- 5.2. The value of developer contributions is £2,060,000. This will cover ineligible capital grant costs which cannot form part of the bid – these costs include fees associated with planning applications, inquiries and part 1 claims. This would be met once development has commenced subject to further infrastructure detailed design and planning requirements and formal decision in line with Financial Regulations.
- 5.3. This totals to give a project cost of £99,772,573 inclusive of costs incurred to date of £645,020 - these have been met through a combination of HIF capacity funding (MHCLG), developer contributions and NSC resources.
- 5.4. The total estimated value of the contracts to be awarded is £83.6m and is broken down in Table 1 below. The difference between the total project cost detailed, of £99,772,573 and the total estimated value of the contracts, is to cover costs incurred to date, future internal fees, risk provisions and land costs.

Contract	Value	Term	Extension	Annual Contract Value	Procurement process commences	Contract award
Legal	£2.5M	5yrs	2yrs	£350k	June 2019	Sept 2019
Land Agent	£1.0M	5yrs	2yrs	£140k	June 2019	Sept 2019
Design - Highway	£4.5M	4yrs	1yr	£0.90M	June 2019	Sept 2019
Design – School	£2.6M	4yrs	1yr	£520k	June 2019	Sept 2019
Banwell Bypass Construction	£45.5M	4yrs	0yr	£11.5M	June 2019	Nov 2019
Utility Provision	£2.5M	1yr	0yr	£2.5M	January 2020	January 2021
Secondary School Construction	£25M	2yrs	1yr	£8.33M	June 2019	Sept 2019
	£83.6M					

Contract Overview – Table 1

- 5.5. Extensive work has been undertaken to fully inform, check, challenge and verify the costs which form the basis of the submitted bid, this has included;
- Independent commercial services team using base rates from tenderers cost submissions and the supply chain to inform scheme costs – bottom-up approach;
 - Benchmarking against other major projects – linear cost comparisons and comparisons by series – top-down approach;
 - Quantified risk register developed to fully detail and cost risks;
 - Two independent cost estimates established for all key infrastructure items

- Peer review undertaken on all key infrastructure items;

5.6. Future approval requirements. Table 2

Contract	Procurement Plan	Contract Award
Legal	Executive Member advised by Director and Head of Strategic Procurement	Director advised by S151 Officer and Head of Strategic Procurement
Land Agent	As above	As above
Design - Highway	As above	As above
Design – School	As above	As above
Banwell Bypass Construction	As above	Executive
Utility Provision	As above	Director advised by S151 Officer and Head of Strategic Procurement
Secondary School Construction	As above	Executive

6. LEGAL POWERS AND IMPLICATIONS

6.1. Subsequent works inherent within the proposal if progressed will require exercise of functions (and use of applicable Acts as defined within CSO) of the Local Planning Authority, Mineral Planning Authority, Local Highway Authority, Local Education Authority and Housing Authority.

6.2. To carry out the procurements, the council will ensure it is compliant with the Public Contract Regulations 2015.

6.3. Public Services (Social Value) Act 2012 - The procurement will comply with the Public Services (Social Value) Act 2012 and the council's social value policy by including a social value element in the tender process. The procurement plan will detail which social value outcomes will be secured within the commissioned service.

7. RISK MANAGEMENT

7.1. A quantified risk assessment (QRA) has been established to understand the likelihood and value of both scheme risks and wider generic risks that may arise during both road and school development and construction.

7.2. Specifically, the project costs include for contingency to cover the associated QRA identified and valued risks.

7.3. Procurement risks are shown below:

Opportunity	Early approval of the commissioning plan will bring programme savings and help de-risk design and delivery.
-------------	---

Risk	Mitigation
Non-compliant procurement	Ensure during procurement development phase disciplines from both procurement and legal are involved fully in plan development and contract commissioning to ensure compliance with all statutory legislation.
Poorly specified product requirements	Engage with end users and specifiers to ensure product meets requirements which are built into contract specifications.
Poor Market Intelligence	Continue to engage with market to understand current appetite for risk and to build client intelligence on prevailing market conditions.

7.4 The above proposals are subject to successfully securing HIF funding. In the unlikely event of the JSP EiP not supporting SDL growth at Banwell and Mendip Springs there would not be any requirement, in the HIF context, for a Banwell Bypass and no growth opportunities at either Banwell or Mendip Springs as a result. The secondary school element of the HIF bid would still be required to support the existing allocation at Weston Villages and we would work with MHCLG to enable this part of the proposal to be progressed.

8. EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? **Yes** / No

- 8.1 An initial screening exercise has been carried out to identify protected characteristics that the Equality Act 2010 requires us to consider, in relation to the highway and school infrastructure.
- 8.2 The protected characteristics most pertinent to the highways scheme are age, disability and religion or belief. The school shares the same conclusions, with the addition of sex. Provisions will be made to maximise equality between those who share a protected characteristic and those who do not.
- 8.3 Potential solutions to be included in the next stage of the design include:
- Simple road layouts that are easy to understand and navigate through
 - Gentle slopes on footways to aid mobility
 - Crossing points to ensure established routes to places of worship are maintained
 - Technology within signal-controlled crossing points to indicate to those with disabilities that the signal for pedestrians to cross is active.
 - Appropriate provision of toilet, shower and changing facilities for males, females and those with disabilities
 - Simple school layout that are easy to understand and navigate through
 - Gentle slopes on walkways to aid mobility
 - Multi-faith prayer room(s)
 - Tactile surfaces to assist those with visual impairments

9. CORPORATE IMPLICATIONS

9.1 The provision of key enabling infrastructure and educational facilities and the improvement of the transport network widely supports the Corporate Plan objectives in all areas of Prosperity and Opportunity, Health and Wellbeing and Quality Place.

10. OPTIONS CONSIDERED

- 10.1 Options have been considered with regard to the level of infrastructure needed to deliver the housing requirements. Four options were put forward in the business case, the preferred one being option 1 as detailed below. The other options would considerably impact on the council's strategic aims of increasing the number of dwellings in the area and meeting North Somerset's Infrastructure Delivery Plan:
- 10.2 Option 1: requested HIF funding of £97.1M to deliver the Banwell bypass, Weston Villages secondary school, utilities and drainage. This provided the best Benefit to Cost Ratio and maximum infrastructure and housing delivery.
- 10.3 Option 2: reduced amount of HIF funding (£67M) delivering the Banwell bypass (including land assembly), on-line transport improvements, drainage scheme and utilities but which would **preclude secondary school delivery**.
- 10.4 Option 3: reduced amount of HIF funding (£30M) enabling delivery of secondary school but **precluding delivery of the Banwell bypass (including land assembly), on-line transport improvements, drainage scheme and utilities**.
- 10.5 Option 4: no HIF funding, leading to a 'do nothing' scenario.
- 10.6 With Option 1 preferred and the subject of the recently submitted HIF bid to MHCLG the commissioning noted within this report is required to be progressed.

AUTHOR

Alex Fear, Major Scheme Project Manager

BACKGROUND PAPERS

<http://apps.n-somerset.gov.uk/cairo/docs/doc28834.pdf>

<http://map.n-somerset.gov.uk/PoliciesMap.html> (Banwell Safeguarded alignment)

<https://www.gov.uk/government/news/government-investment-to-unlock-more-homes-across-england> (links to HiF announcements and all supporting MHCLG HIF documents)

<https://www.jointplanningwofe.org.uk/consult.ti>

HIF Bid Pro-Forma online form 03 December 2018

MHCLG HIF Forward Funding Business Case Guidance

HIF Forward Fund Business Case Questions

Exec Member Decision 18/19 DE341