

MEETING BEING SUBMITTED TO CABINET 17th JULY 2013

1. HEADING Newcastle Town Centre Public Realm Project

Submitted by: Markets & Regeneration Officer

Portfolio: Economic Development, Regeneration and Town Centres

Ward(s) affected: Town

Purpose of the Report

To seek Member approval to formalise the allocation of the existing Capital Programme for Town Centre Works to the Newcastle Town Centre Public Realm project.

Recommendations

- a) That the existing Capital Programme allocation for Town Centre Works is allocated to the public realm project.
- b) That the Executive Director for Regeneration and Development is authorised in conjunction with the Portfolio Holder for Economic Development, Regeneration and Town Centres to procure the required contracts to deliver the project within the agreed budget.

Reasons

This report outlines the current position with regard to the Town Centre Public Realm Project and outlines the requirements in order that the project can commission appropriate works to be completed to a standard that is fit for purpose and minimises the requirement for future maintenance works in the project area. It is important that officers are given sufficient direction to enable the relevant aspects to be commissioned within a timely manner and this requires the Cabinet to allocate sufficient financial resources. The report outlines the revised timescales and explains the reasons for the budgetary requirement. Additionally, the current approved plans include extending the market trading area into Hassell Street and this requires the Council to amend the designated formal trading area.

1. Background

- 1.1 The Newcastle Town Centre Public Realm (public realm) project is a joint project with Staffordshire County Council that is intended to bring economic benefit to Newcastle town centre by closing Hassell Street to through traffic during the day and refurbishing Newcastle market. The business case for the project has been previously set out in a number of Cabinet reports.
- 1.2 To date the focus of work has been on preliminary actions to remove various forms of traffic from Hassell Street in the daytime. This has included changes to the bus station, new traffic signals and a bus lane on Barracks Road; plus changes to the entrance of the Ironmarket to enable a taxi rank to operate in this area. These works have been 100% funded by Staffordshire County Council.
- 1.3 More recently, works have taken place at the lower end of High Street to remove market stalls and introduce parking for disabled drivers, loading bays and a taxi rank in that area. These works have been 100% funded by Newcastle Borough Council.

- 1.4 Planning permission has been obtained for the new market stalls and a prototype stall which was on site by the Guildhall until earlier this year has been used to make design refinements in co-operation with market traders.
- 1.5 The project focus is now on the core area of High Street, Hassell Street and Friars Street. Work is being completed to produce final detailed designs for the landscaping works that are required in the core area. This, combined with County Council approved designs for the sub-base construction and new drainage connections will be used by the County Council's contractor to price the contract for this element of the project. Alongside this, the Borough Council will manage the procurement and placement on site of new market stalls.

2. **Issues**

- 2.1 A recent review of the Council's Capital Programme allocation for the NTCPR project has highlighted the requirement to formalise a proposed virement of funding between items in the Town Centre Works Capital Programme Allocation.
- 2.2 Over the course of the past four or five years greater clarity over the likely financial implications of the Town Centre Works Programme has emerged. In 2010 a reduced allocation was made in the Capital Programme in relation to the Town Centre Works reflecting other competing pressures upon the Council at that time. That decision was made in the knowledge that further detailed design work would clarify more precise budgetary requirements at a later date. Officers have reached the stage where the latter detailed design information has emerged and there is a need to confirm the budgetary allocation so that the works can be commissioned.
- 2.3 At Part II of your agenda there is a Confidential item which contains full details about the financial implications of the project; that information has not been revealed in this report because of the likely adverse implications arising through the procurement process in relation to the works. Nevertheless summary level information of the key issues has been set out below in the interests of openness and transparency.
- 2.4 It is worth noting that the budget estimate that was completed in 2010 focussed on the core area of re-paving works in Hassell Street. Items that have now changed significantly in the more detailed design are:
 - i) Drainage proposals were based on a cost assumption that minimum interference with existing services would be required. Severn Trent has recently confirmed that the existing main sewer to which new drainage connections need to be made is 4.2 metres below ground level. This is considerably deeper than anticipated and is clearly outside of the scope of the original assumption. The revised budget reflects this.
 - ii) Re-paving of Hassell Street and construction of the foundations on which to place the new paving; revised arrangements for tactile paving have now been introduced following consultation with representatives from Guide Dogs for the Blind and in the light of the County Council's recent experience with other schemes in Staffordshire. Installation of this amount of tactile paving requires additional work to ensure that the tactile surface does not lift or shift when matched with adjacent paving. The fact that the paving sections are a different size to the surrounding paving also requires extra work to fit paving around the edges. The budget for the road and paving works has therefore been increased to reflect the additional requirements and anticipated problems.

- iii) The original cost estimate for the new taxi rank in lower High Street was based on a very basic scheme of changing road markings on the surface of the highway. However following consultation with Newcastle Hackney Association, surrounding businesses, Staffordshire Police and a County Council safety audit, a more extensive scheme of street works was required to deliver this element of the project. This included re-location of a CCTV camera, installation of bollards to control traffic movement and re-surfacing of an area of carriageway. Also the opportunity was taken to replace the automatic rising bollards at the lower end of High Street with manual bollards as the cost of maintaining and repairing the automatic bollards had become disproportionately high. The construction phase of the scheme was also extended by the presence of very solid reinforced concrete which was under the road surface and proved exceptionally difficult to break up.

2.5 Additional works were added to the public realm scheme following the results of a public consultation on the proposals. This was reported to Cabinet in July 2011. Based on the results of the consultation, Cabinet agreed to support a proposal to revise traffic access arrangements to Friars Street. The reasons for this were set out in the report and the accompanying consultation document. As this was additional work to that which had been previously proposed, a further capital programme allocation was requested to cover the Borough Council's contribution to this additional work.

2.6 At the time of the Cabinet resolution referred to in 2.4 and 2.5 above the market stall replacement and the public realm project were being managed as two separate projects. As stated above, the budget estimate produced for the public realm scheme therefore purely focused on the core area of Hassell Street. For practical project management reasons, as the public realm and market stalls projects moved towards the end of the detailed design stage the two projects were later combined and this has allowed a more strategic overview to be taken. Consequentially, this revealed additional areas of work that had not been considered at the time when the two projects were being managed separately, specifically:

- i) Removal of trees around the market area and allowance for their re-provision either on site or elsewhere.
- ii) Removal and making safe of existing electrical supplies to the market area and re-provision of new electric supplies in revised locations.
- iii) Working consultatively with market traders on the design of the new market stall. To evolve the stall design in line with trader requests first a wooden mock-up and then a full scale metal market stall prototype have been used to test the design. This approach was taken to minimise the risk of market traders being dissatisfied with new market stalls that are provided. This approach has been effective but has incurred additional unbudgeted costs.
- iv) Costs associated with the management of taxi rank changes, for example temporary signage, publicity about the taxi rank changes and management of taxi rank provision for the night time economy during the construction works in Hassell Street.
- v) Provision for the removal of excess street furniture around the market area in High Street and making good the pavement afterwards.

2.7 Officers are working closely with the County Council's Highways team to ensure that the improvements are delivered in the most cost effective manner and that where possible proposed designs are value engineered to reduce cost. The scheme is being delivered as a minimum cost scheme, where possible street furniture such as bollards and benches are

being re-used. A substantial amount of the cost of the scheme is on items to ensure that the scheme is fit for purpose – in particular, that the sub-base is sufficient to accommodate traffic without sinking or ridging and that once kerb lines are removed the drainage system is capable of accommodating rain water run-off.

2.8 For cost efficiency, it has been agreed with Staffordshire County Council that Highway works for the project will be delivered using their powers as the local Highway Authority through their Term Contract for maintenance and construction. This will cover works in the Friars Street, Hassell Street and High Street areas. Clearly until the County Council's contractor has confirmed its price for the landscaping works the project team is unable to provide a budget estimate for the scheme, other than to confirm the likely capital budget requirement. At each stage it would be expected that the competitive tendering process would deliver tenders below the budget. However, in view of a recent review of Capital Programme approvals for the scheme, it is prudent to confirm the use of the Town Centre Works allocation for this project.

2.9 With regard to the former St. Giles and St. Georges building your officers are of the view that it should be maintained in a wind and water-tight condition whilst its long term future is considered. This may require minor/urgent works from time to time the funding for which can be met from a windfall grant provided by a company working with the Council on another town centre initiative (see separate report).

2.10 Of particular note in the cost risk for the public realm scheme are:

- i) Whilst every effort has been made to trace underground services, works in both the Barracks Road and Ironmarket areas encountered services that had not been traced or notified by the utility companies. This caused delay and therefore increased cost to both of these elements of work. It would be prudent therefore to anticipate that similar issues will be encountered in the next phase of work, the contingency has also been increased to 10% to reflect a more suitable budget for a scheme of this size and nature. Whilst it is prudent to build in an appropriate contingency it is expected that through careful contract management this should not be required other than for unforeseen circumstances.
- ii) Of the current cost estimate for the scheme, three significant items are still to have a price confirmed by contractors. The manufacture of market stalls and also the groundworks to fix the market stalls on site is to be tendered by the Borough Council. The major highway works, which is to be managed by Staffordshire County Council, will be priced by the contractor. It is likely that within the County Council's term contract for maintenance and construction. There will have been cost inflation since the original cost estimate in 2010.
- iii) The complex requirements of managing traffic flow within a constrained area whilst works are undertaken. This is to enable necessary access for deliveries to surrounding properties and access and egress for market trader vans. This is likely to extend the period of the works.
- iv) The Council clearly needs to direct resources from the Assets Service and the Landscape Team to support the delivery of the project. These costs are incurred within the services as a revenue cost and should have been budgeted for as a recharge to the capital costs of the scheme; the revised budget therefore includes for this. Additionally, the departure of key staff due to retirement has also increased the need to rely on technical support from external sources.

2.11 Clearly this is a complex scheme that requires significant involvement from officers, the County Council, other partners such as the Town Centre Partnership, local traders, service providers and contractors. At each stage there is a risk of delay as practical issues arise. The timetable therefore needs to reflect these issues to ensure that works are completed satisfactorily and that the risk of remediation works are minimised so that the area does not suffer on-going works (as experienced on projects of a similar nature).

2.12 The following actions highlight key stages of the project timetable:

- i) At the time of writing officers are in the final stages of consultation on the Traffic Regulation Orders to control the flow of traffic and access times in Hassell Street, the completion of this is dependent on the comments made by local users.
- ii) Expressions of interest are being sought from suitable contractors for the provision of the market stalls based upon the revised specification. There is a risk that the revised drainage design and installation of electrical supplies may require trenches to be dug across the market area therefore this may need to be delayed until the paving and drainage works are complete. This would mean that the new market stalls won't be in place until 2014.
- iii) At the time of writing this report the County Council is tendering the major road and paving works to their contractor. Due to the potential risks outlined above particularly the depth of the drains and the requirement of traffic control during the construction phase it is expected that these works will take in excess of 20 weeks.
- iv) The adopted new market plans are based on extending the market trading area into Hassell Street, this will need to be formalised and legal processes completed to revise both the market area town centre street trading terms and conditions.

2.13 Due to the importance of the project it is necessary that the Cabinet formally allocate the necessary project funding to the public realm project.

3. Options Considered

3.1 The project objectives and design proposals have previously been considered and approved by Cabinet as set out in section 12 of this report.

3.2 If sufficient funding wasn't to be allocated then the Council could decide to cease the project and replace the market stalls in the current location and style, however this would not deliver any of the planned improvements to the town centre. An alternative option would also be to commence the works with the existing budget, however officers would not recommend commencing works without the confidence that funding is available to undertake the latter stages required. The other option would be to re-engineer the scheme to fall within a smaller budget sum. Given the minimal nature of the revised scheme it may prove difficult to achieve this without harming the overall integrity of the scheme.

4. Proposal

4.1 That the existing Capital Programme allocation for Town Centre Works is allocated to the public realm project to allow its completion.

4.2 That the Portfolio Holder receives regular updates on the delivery of the programme and that the necessary contracts are procured within this revised budget and all necessary legal processes are completed in terms of the market trading area.

5. **Reasons for Preferred Solution**

- 5.1 It is recommended that the town centre projects funding is allocated to the Public Realm Scheme to enable construction of the remaining elements of the project to a standard that is fit for purpose and that will minimise the need for future maintenance works in the project area. Importantly it is necessary to allocate sufficient resources in order that officers in conjunction with the Portfolio Holder can authorise the commissioning of relevant works with the County Council. Without this there is a risk that the project can not take place and it would be subject to significant delays.
- 5.2 Delivery of the new market will assist in the revitalisation of Newcastle town centre and is both a priority for the Council and the Town Centre Partnership.

6. **Outcomes Linked to Corporate Priorities**

- 6.1 The project is within the Borough of Opportunity corporate priority featuring in outcome 1.5 of the Borough Council's Council Plan 2013 – 2014.

7. **Legal and Statutory Implications**

- 7.1 The Borough Council is not under a statutory duty to act. However the Local Government Act 2000 provides the Council with the powers to take actions to improve the social, economic and environmental well-being of the community.
- 7.2 The public realm proposals do require changes to Traffic Regulation Orders in the town centre and associated changes to highway signs. Our scheme partner, Staffordshire County Council will, as Highways Authority, ensure that all necessary requirements are complied with.

8. **Equality Impact Assessment**

- 8.1 No differential impact has been identified.

9. **Financial and Resource Implications**

- 9.1 As highlighted above the costs for the various elements of the scheme are still being finalised and are subject to the tendering process and to some extent the conditions found when the road surfaces are excavated. However it is recognised that the estimates are fairly accurate and that there needs to be some contingency to cover issues as they arise. Officers therefore recommend that the Council budgets for the cost for this programme of work on the basis set out in the attached confidential report. For the sake of clarity, there is no requirement for the provision of additional capital funding; the report seeks to formalise the virement of funding that has been allocated to different elements of the Town Centre Works programme.

10. **Major Risks**

- 10.1 A full risk assessment is maintained for this project. The most significant risks have been highlighted in Section 2 of this report.

11. **Key Decision Information**

- 11.1 The project is located within the Town Ward although all users of the town centre will benefit.

12. **Earlier Cabinet/Committee Resolutions**

- 12.1 December 2012; Cabinet approved the removal and re-provision of trees to facilitate delivery of the Town Centre Market Improvements and the submission of a planning application for the proposed new market stalls.
- 12.2 July 2011; Members considered the results of a public consultation that had taken place in November and December 2010 and approved the scheme for implementation including introduction of a taxi rank at lower High Street and in the Ironmarket, changes to the layout of the market stalls and the introduction of new market pitches in Hassell Street and revised access arrangements for Friars Street to allow 24 hour access for deliveries, with a Capital Programme Contingency Reserve for this latter item.
- 12.3 September 2010; Cabinet authorised the scheme for public consultation and also the dedication of land at the bus station for Highway purposes to enable the works on Barracks Road to be completed.
- 12.4 January 2010; Members considered in detail the rationale for the public realm and market refurbishment scheme and authorised Officers to pursue the daytime closure of Hassell Street to through traffic and its repaving to emphasise its pedestrian focus; the replacement of market stalls and the removal of market stalls from lower High Street up to its junction with Hick Street.
- 12.5 January 2010; Members approved the Town Centre Strategic Investment Framework and a Capital Programme allocation for the projects set out in that report.
- 12.6 June 2006; This report reviewed progress with works around the town centre such as the subway improvement scheme and welcomed progress with the development of the Traffic Regulation Order for Hassell Street.
- 12.7 March 2005; That Officers be authorised to approach the County Council with a view to a Traffic Regulation Order being made seeking the closure of Hassell Street from its junction with Market Lane to the Midway. And; That officers be authorised to further discuss the project with representatives of the County Council with a view to securing an appropriate financial contribution.
- 12.8 August 2004; That the Newcastle Town Centre Public Realm project be approved.

13. **List of Appendices**

- 13.1 None