

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer (Regulatory & Regeneration)****Infrastructure, Regeneration & Economic Development Committee
16 February 2022**

Subject: Connecting Dumbarton

1 Purpose

- 1.1** This report provides an update on the Connecting Dumbarton project, seeks approval to allocate Regeneration Fund to close the funding gap that had been anticipated to be funded by Sustrans, and seeks approval for the costs of design and project delivery consultancy fees, some of which have been subject to a pre-Committee approval. The report also requests permission to begin the procurement process for the construction of the project.

2 Recommendation

- 2.1** It is recommended that Committee:

- approves allocation of £1.2M of Regeneration Fund to meet the balance of costs for the project;
- confirms the approval of an additional fee increase of £50,448 taking total fees committed to £135,448, which is required to secure and retain the consultants until the tendering stage, and
- approves the commencement of procurement for both the contract management and construction of the project.

3 Background

- 3.1** Connecting Dumbarton is one of the three Levelling-Up Funding projects. It will enhance the historic connection between the Dumbarton Central Station and High Street, create a gateway to Dumbarton for people arriving by train, and improve Station road and the route of National Cycle Network (NCN7) through Dumbarton Town Centre. It will also contribute to a modal shift towards active travel modes like walking and cycling.

- 3.2** When the Levelling-Up Fund (LUF) application was made to UK Government in June 2021, officers had for some time been working with Sustrans on the Connecting Dumbarton project. Sustrans had helped shape and develop the project from its original modest scope, and it was anticipated that Sustrans would fund the design and contribute to its delivery with a contribution of £1.2M. The £1.2M was included in the LUF application as anticipated match funding. In November 2021 we were notified that our application for Sustrans funding was unsuccessful. The principal reason for this would appear to be that Sustrans funding had been over committed during their “Spaces for People” funding programme, resulting in reduced funding available for

projects such as this that were part of their “Places for Everyone” programme. Several projects that Sustrans had been engaged with were not ultimately funded, Connecting Dumbarton being one.

- 3.3** The total match funding stated in the Council’s LUF application was £2.2M, towards a total project value of £22.1M, of which LUF is contributing £19.9M. UK Government had requested a minimum of 10% from applicants from their own capital funding and/or additional external funding, meaning that following the unsuccessful application to Sustrans, the Council would have to identify £1.2M from its own Capital funding in the absence of alternatives.
- 3.4** In November 2021 this Committee agreed to temporarily provide funds for the purchase of the Artizan Shopping Centre from the Regeneration Fund together with funding which is available from the approved Local Economic Development Budget, in advance of receipt of funds from the UK Government’s Levelling Up Fund, should this be required. The report identified that £1,255,346 towards the acquisition cost of £1.7M could be made available from the £12.4M Regeneration Fund without compromising commitment to other Regeneration Funded projects. Officers have since been advised by the LUF team that a funding claim can be made to them in February 2022 to cover eligible costs incurred by the Council during 2021/22 including the purchase of the Artizan Centre, meaning that the funding package proposed in the November IRED report is no longer required. This identified budget can now however provide an opportunity to meet the funding gap for the Connecting Dumbarton project that was created as a result of the Sustrans’ decision, ensuring that the full LUF award of £19.9M is forthcoming.
- 3.5** Regarding the consultancy design fee costs for the project, in November 2019 MBLA (Matt Benians Landscape Architects) were appointed as a Lead Consultant for a much smaller Connecting Dumbarton project following a Quick Quote exercise. Their design fee was costed for modest improvements along the section of College Street between the station and Risk Street. Not long after the appointment of the Consultant, an opportunity arose for the Council to engage with Sustrans in order to secure their design and construction funding towards the project. As a result of this cooperation, and at Sustran’s request, the project scope was significantly increased to include Station Road, areas adjacent to College Street, bespoke artwork and extensive public consultations. To align with Sustrans funding timescales and approval stages, the programme had also been significantly enhanced and extended. The changes in scope contributed to the overall estimated cost increase in project value to £2.275m (excluding a 30% optimism bias). This amount, which was provided in the LUF application, also reflects the increase of construction inflation prices in the period of 2 years from the initial cost estimate (Q3 2019), as well as impact of Brexit and COVID. Regardless of Sustrans’ eventual decision to decline funding, it is considered that their early involvement has resulted in an enhanced project that will have a greater positive impact and better outcomes for Dumbarton town centre. This is likely to have played a part in UK Government’s decision to approve the LUF application.

- 3.6** Tendering for the construction of the project is programmed for April 2022. Officers are undertaking a procurement strategy options appraisal that will consider the route to construction including post-contract consultancy services, which may include MBLA's services through project delivery and handover.

4 Main Issues

- 4.1** In order to draw down the full LUF grant of £19.9M the Council will need to identify the shortfall of £1.2M. Officers will continue to explore alternative external funding sources that could contribute to the £1.2M, however because of the nature of the project the opportunities are limited. It is therefore proposed that a provision of £1.2M of Regeneration Fund is approved for this purpose.
- 4.2** The increase of scope and value of the project since 2019 has resulted in significant increase of time and resources required from the consultants. The additional work and time associated with the extended project development will take the consultant's total fees beyond the Quick Quote threshold to £135,448 in order to secure and retain their services till the tender stage and ensure compliance with the LUF timescales. Pre-Committee approval was obtained from the Chief Executive in accordance with the standing orders and scheme of delegation after consultation with the Chair of the Committee and Leader of the Council to address this amount.
- 4.3** Advice from Legal, Procurement and Roads is being provided on the best method of procuring a contractor for the project, with the main options being the use of an appropriate Framework or open tender. At the same time officers will consider ways in which to manage the contractor, either by a further procurement process, or if possible undertaking it in-house. This exercise will be concluded by April 2022, therefore approval is sought to commence procurement of the contract management and contractor required to deliver the project.

5 Options Appraisal

- 5.1** An options appraisal for the contract management and construction of the Connecting Dumbarton project is ongoing, and prior to the request to extend the existing Consultant's fees to tender stage, consideration was given to testing the market by procuring through a Quick Quote or an open tender exercise. It was concluded that this was unlikely to deliver any better value for money, would lead to further delays and could result in inconsistency in project design. Further tendering remains an option for project management beyond the tender stage.

6 People Implications

6.1 There are no additional people implications as a consequence of this paper.

7 Financial & Procurement Implications

7.1 The £1.2M will require to be allocated from the Regeneration Fund to close the project funding gap, and the background report to November 2021 IRED Committee for a similar allocation for purchase of the Artizan Centre, which is no longer required, provides the context. All design, contract management and construction fees will be charged against the LUF programme.

8 Risk Analysis

8.1 Not providing the £1.2M could put the LUF award at risk, and potentially prevent the Council from drawing down the full £19.9m grant.

9 Equalities Impact Assessment

9.1 An Equality Impact Assessment has been undertaken for the project and is provided as appendix 1.

10 Environmental Sustainability

10.1 Not applicable to this report

11 Consultation

11.1 Advice has been provided by the Procurement, Legal and Roads teams.

12 Strategic Assessment

12.1 At its meeting on 25 October 2017, the Council agreed that its five main strategic priorities for 2017 - 2022 are as follows:

- A Strong local economy and improved employment opportunities;
- Supported individuals, families and carers living independently and with dignity;
- Meaningful community engagement with active empowered and informed citizens who feel safe and engaged;
- Open, accountable and accessible local government, and
- Efficient and effective frontline services that improve the everyday lives of residents.

12.2 The proposals within this report are in line with the Council's strategic priorities as stated above.

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Date: 24 January 2022

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Appendices: Appendix 1: Equality Impact Assessment

Background Papers: Report on Levelling-Up Fund and Community Renewal
Fund to IRED 10 June 2021
Report on Purchase of Artizan Shopping Centre, 17
November 2021

Wards Affected: Dumbarton

