

## Report to the Cabinet

Meeting to be held on Thursday, 15 June 2017

### Report of the Director of Corporate Commissioning

#### Part I

Electoral Division affected:  
Accrington South;

### Accrington Townscape Heritage Initiative - Proposed Public Realm Improvements to the Town Square, Blackburn Road and Peel Street

(Appendix 'A' refers)

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#### Executive Summary

The Accrington Townscape Heritage Initiative (THI), promoted by Hyndburn Borough Council (HBC), is a public realm improvement scheme proposed for the town square and adjacent sections of Blackburn Road and Peel Street. The THI also makes provisions for the regeneration of some of Accrington's key historic buildings and the non-highway area adjacent to the Town Hall to provide a defined town square dedicated to the memorial and celebration of the Accrington Pals regiment. Planning permission for the THI was granted in February 2017.

The County Council has been providing advice and assistance to HBC in connection with the development of these proposals in so far as they relate to highway improvements. A Section 278 Agreement will be used to safeguard the County Council's financial position. The project has now progressed to the contractor procurement stage.

This is deemed to be a Key Decision and the provisions of Standing Order No 25 have been complied with.

#### Recommendation

The Cabinet is requested to:

- (i) Approve the award of the tender to the winning contractor subject to the S278 agreement being in place and the County Council having received and added the necessary resources from Hyndburn Borough Council to the 2015/16 Highways block of the capital programme;
- (ii) Approve that the County Council will accept staged payments totalling £1,704,751 from Hyndburn Borough Council together with any other additional financial resources for the project that may be agreed, on the condition that payments are received and added to the Highways block of the

2015/16 capital programme in advance of any application for payment from the appointed contractor.  
(iii) Approve that the expenditure be phased across the financial years 2017/18 and 2018/19 in line with the receipt of income.

## **Background and Advice**

Over the last 2 years, the County Council has been providing support and advice to Hyndburn Borough Council (HBC) in connection with a public realm scheme proposed for the town square, Peel Street and Blackburn Road. Although the design and associated contract documents have been prepared by consultants appointed by HBC, County Council officers have had a significant involvement during the design process and are satisfied that the proposal is to adoptable standards.

The proposed improvements are on land which is predominately dedicated as public highway and HBC has requested that the County Council procure a contractor to carry out the works and supervise the construction stage under a Section 278 Agreement. The extent of highway (subject to clarification and evidence evaluation) is shown in Appendix 'A'. The closing date for the submission of tenders was 9 May 2017.

HBC will be funding the majority of the project but the County Council has made provision for a contribution from the highways block of 2015/16 capital programme as explained below.

As stated above, the County Council has requested that HBC enter into a Section 278 Agreement with terms agreed prior to progressing to the construction stage. HBC have undertaken a due diligence review of the S278 Agreement process and are now happy to proceed on this basis.

## **Consultations**

N/A

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

The Section 278 Agreement provides a robust mechanism for the County Council to ensure there is no financial risk from the construction and supervision of these works. HBC has requested that payment is staged such that the County Council will request and receive payment from HBC in advance of any applications for payment made by the appointed contractor. The exact mechanism for receipt of funds will also be covered by the S278 agreement.

## Financial

The available budget from the County Council's highways block of the 2015/16 capital programme is £312,847. HBC has advised that HBC's contribution will be funded from S106 and Heritage Lottery funding totalling £1,704,751. It is proposed that this be added to the highways block of the 2015/16 capital programme giving a total available budget of £2,017,598. If the tendered price (including contingencies) exceeds the available budget then HBC will either need to identify additional resources to cover the shortfall or reduce the scope of the works (the contract provides a mechanism for doing this) to reflect the available budget. The scheme will extend into financial year 2018/19 and therefore funding for the final phases of work are likely to come in to the County Council in this second year.

In accordance with the terms of the Section 278 Agreement, the County Council will receive advance payments from HBC on a quarterly basis ahead of the works for that quarter being undertaken. The value of the quarterly payment will be based on the contractors spend profile as tendered and then adjusted as the works progress. The funding streams for the project have been profiled such that the County Council contribution is utilised as a contingency sum to be drawn down as and when necessary. The Agreement also provides for additional payments to be sought from HBC if there is an exceptional unforeseen cost event which would exceed the advance payments and contingency provision. Together with the provision to terminate the Agreement if HBC are unable to continue funding the project, it is considered that entering into a contract to construct the works presents no significant financial risk to the County Council.

## Legal

Planning permission for the THI has been granted. The majority of the works will take place within the boundary of the adopted highway under the S278 Agreement. There are areas where highway extent needs clarification and the evidence evaluated. Change to highway alignment will not be confirmed until all necessary land has been confirmed as part of highway width and recorded as such

## List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A