

# Cabinet



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|--------------------------|--|
| Date of meeting:         | 09 September 2024  |
| Title of Report:         | <b>The Transformation of Armada Way</b>                                |
| Lead Member:             | Councillor Tudor Evans OBE (Leader)                                    |
| Lead Strategic Director: | Anthony Payne (Strategic Director for Place)                           |
| Author:                  | Paul Barnard, Service Director for Strategic Planning & Infrastructure |
| Contact Email:           | Paul.barnard@plymouth.gov.uk   |
| Your Reference:          | AW/PWB/240909  |
| Key Decision:            | Yes  |
| Confidentiality:         | Part I - Official  |

## Purpose of Report

The purpose of the report is to consider and approve the final construction costs for the Armada Way scheme design that was approved at Cabinet on 19 February 2024 (Minute 117 refers) and to make financial provision within the capital programme for its implementation.

The report briefly reprises the case for change and summarises the sequence of works, taking into account other projects and initiatives in the city centre that will have an impact on the timing of construction in relation to certain elements of the scheme.

## Recommendations and Reasons

It is recommended that Cabinet:

1. Approves the final construction cost for the approved Armada Way design as £29,892,665.

*Reason: To respond to the decision of Cabinet on 19 February 2024 (Minute 117) requiring the Strategic Director for Place, having taken all necessary steps, to confirm the final construction cost for the approved Armada Way design and to provide certainty for the scheme to proceed to construction and be included within the approved Capital Programme.*

2. Recommends the Leader approves additions to the Capital Programme as set out in the report giving a maximum spend allocation of £29,892,665 to finance the construction of the approved Armada Way scheme.

*Reason: To provide certainty for the scheme to proceed to construction as part of the approved Capital Programme.*

3. Notes that to support the on-going maintenance of projects within the city centre for a period of five years starting in 2025/2026 that hard and soft landscaping maintenance be funded from previously identified capital approved resources already forming part of the Capital Programme.

*Reason: To enable efficient and effective maintenance of the city centre public realm improvements for the first five years. This will supplement existing revenue budgets held across the Council, overseen by the Better Places Public Realm Board.*

4. Grants authority to the Service Director for Strategic Planning and Infrastructure to take all such action as necessary to implement the project including all subsequent design amendments (excluding amendments which impact on the retention of any existing trees or the approved translocation of trees), scheme approval submissions, procurement and contract awards associated with developing and delivering the Armada Way scheme through to construction and completion, in consultation with the relevant Cabinet Members.

*Reason: To enable the efficient development and delivery of the Armada Way scheme to meet the requirements and timescales of the various funding programmes.*

5. Delegates to the Cabinet Member for Finance authority to make any decisions which impact on the retention of any existing trees, or the approved translocation of trees associated with developing and delivering the Armada Way scheme through to construction and completion.

*Reason: To ensure open and transparent democratic decision making in relation to any changes related to trees within the scheme should that be required.*

### **Alternative options considered and rejected**

1. Do Nothing – this was rejected as it would not be consistent with the commitments to public realm improvements and other infrastructure policies in the Plymouth Plan and the Plymouth and South West Devon Joint Local Plan. It would also leave Armada Way in an unacceptable state given the works undertaken to date.
2. Abort the Armada Way scheme in its entirety – this was rejected as this would not be consistent with the commitments to public realm improvements and other infrastructure policies in the Plymouth Plan and the Plymouth and South West Devon Joint Local Plan. It would also not be consistent with the commitments already made under the Transforming Cities Fund programme and would result in funding already secured likely having to be paid back.
3. Re-design the Armada Way scheme in its entirety – this was rejected as Cabinet on 19 February 2024 have already approved the final scheme, following changes made to the design in response to the “Let’s Talk Armada Way” consultation and in response to the recommendations of the Growth & Infrastructure Overview and Scrutiny Committee.
4. Implement an Armada Way scheme that retains all 15 original trees – this was rejected as Cabinet on 19 February 2024 have already approved the final scheme, following changes made to the design in response to the “Let’s Talk Armada Way” consultation and in response to the recommendations of the Growth & Infrastructure Overview and Scrutiny Committee. The approved final scheme design requires the translocation of only four of the remaining existing trees; all the others are intended to remain.

5. Implement a different Armada Way final scheme design to that now proposed – this was rejected as Cabinet on 19 February 2024 have already approved the final scheme design, following changes made to the design in response to the “Let’s Talk Armada Way” consultation and in response to the recommendations of the Growth & Infrastructure Overview and Scrutiny Committee.

### Relevance to the Corporate Plan and/or the Plymouth Plan

The delivery of the Armada Way scheme is consistent with the overall vision for the city to be one of Europe’s most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone. The Armada Way scheme also supports the Council’s mission to making Plymouth a fairer, greener city, where everyone does their bit and reflects all the themes of democracy, responsibility, fairness, and cooperation. Specifically, the Armada Way scheme supports the priority for fewer public realm defects, cleaner, greener streets and sustainable transport set out in the Corporate Plan agreed by Cabinet on 12 June 2023. Over the longer-term it will also support the priority to build more homes for social and affordable rent linked to the ambitions for housing delivery in the city centre, where new homes require essential infrastructure.

The delivery of the Armada Way scheme is also consistent with the strategic themes of the Plymouth Plan, in relation to Plymouth being a welcoming city and a green city. The Armada Way project also supports the strategic objectives set out in the Plymouth Plan for a healthy city, a growing city, and an international city. Specifically, the Armada Way scheme directly supports the delivery of the following Plymouth Plan policies: HEA 1, HEA 5, HEA 6, HEA 7, GRO 1, GRO 4, GRO 7, GRO 8, INT 3 and INT 6.

### Implications for the Medium Term Financial Plan and Resource Implications:

Now that the final construction cost has been verified, the overall position with the funding of the Armada Way scheme design approved by Cabinet on 19 February 2024 can be confirmed. The total construction costs are forecast at £29,892,665.

The project will require a further £10,754,350 to be added to capital programme in addition to the £19,138,315 already reported within the five-year capital programme. A breakdown of the project financing is shown below:

| Source of financing                      | Amount<br>£       |
|--|-------------------|
| Corporate borrowing                      | 9,238,401         |
| Community Infrastructure Levy            | 656,238           |
| Grant – Transforming Cities Fund         | 4,543,676         |
| Grant - Future High Street Fund          | 4,700,000         |
| Approved capital programme               | 19,138,315        |
| Climate Emergency Investment Fund (CEIF) | 2,037,901         |
| Capital receipts                         | 8,716,449         |
| <b>TOTAL FINANCING</b>                   | <b>29,892,665</b> |

To meet the Future High Street Fund grant conditions, project spend is required by 31 March 2025. A virement will be required to the Armada Way project with replacement financing required to the original project this funding has been held against.

Capital receipts from the ring-fenced sale of assets estimated to be worth around £12,750,000 have been identified of which £8,716,449 will be utilised to cover the agreed construction costs. Short-term Corporate borrowing will be needed to underwrite the use of the capital receipts which are expected to be received over a period of two to five years during which the Armada Way scheme will be under construction.

The breakdown of all funding sources is set out pictorially in paragraph 3.7 of the main Cabinet report. Accordingly, there are sufficient resources that have been identified which enables a construction contract of £27,578,202 to be awarded.

The approved scheme design seeks to streamline and simplify layouts to ensure maintenance operations are as straightforward and as efficient as possible and will be contained within existing revenue budgets. The first five years maintenance are anticipated to be lower as a direct result of the practical completion of the Armada Way project. Additional income generating opportunities are being explored to establish revenue funds to meet the ongoing cost of revenue maintenance in future years as demand on maintenance increases. It is also proposed to fund eligible contractual five-year maintenance elements of the project from funds previously identified in approved capital programme.

### **Financial Risks**

The project has already been subject to a number of strategic financial risks which have substantially increased costs, and which have been reported to Cabinet previously. There have also been substantial delays to the commencement of the project arising from various legal challenges and further consultations on the scheme design.

The risks that under the SCAPE framework contractually sit with the contractor, and now form part of the overall tender sum, include (for example): inflation, utilities, voids and basements, issues associated with the underground concrete slab, the need for vacuum extraction for underground works, weather elements, project programme, methods of construction, safety and occupational health hazards, materials, and various environmental and staff availability matters. Should any of these risks arise the costs fall entirely on the contractor, subject to the provisions of standard NEC contractual clauses. Anything not identified as a client / employer risk in the contract is a contractor's risk.

The risks that remain with the City Council as client for the project under the SCAPE framework include unknown private utility networks, unexploded ordinance, archaeology, underground structures, asbestos, tree translocation, play area construction, internet connection to the plant room, materials laydown and storage, and various highway consents and approvals. These have all been considered by the Strategic Director, Service Director for Strategic Planning & Infrastructure, the Armada Way Project Team, and specialist cost consultants to confirm the nature of the risk and how it might be mitigated if it arose. A Project Risk Register sets out the details of this work. In addition, budgetary provision of £410,000 has been included within the overall construction costs to address these risks were they to occur.

The other key financial risk is that if the Transforming Cities Fund money identified for the scheme is not committed by March 2025 there would be a risk of that funding having to be returned.

Currently financing from the Future High Streets Fund has been approved against Civic Centre, this project is subject to a separate report and will require financing to be identified within the financial envelope of the capital programme to replace vired funds.

On-going monitoring of the capital programme will be required to ensure other cost increases do not create further budgetary pressures as part of the Medium-Term Financial Plan.

Any delays in the realisation of capital receipts will increase the period of required borrowing underwriting those receipts. It is imperative that the sales are completed as soon as practicable and for the assumed valuations as a minimum.

### **Carbon Footprint (Environmental) Implications:**

A further Climate Impact Assessment has been undertaken in relation to the scheme now proposed. It concludes, as before, that nature is at the heart of the new scheme and climate impact has been considered throughout the design process. It indicates that the scheme contains a variety of trees and a range of habitats, shrubs, wildflowers, and reed beds as well as bug hotels and bird boxes.

It states that the two key drivers for the scheme are the installation of a Sustainable Urban Drainage Scheme (SUDS) and the principle of using water wisely, alongside the promotion of active travel with a new cycle path to cater for cyclists of all abilities.

The assessment indicates that some of the additional power required for the ornamental water feature will come from solar panels ensuring that a proportion of the energy demands are met from a renewable source.

The assessment concludes that the benefits offered by the scheme are long-term, reaching beyond 2030.

In relation to biodiversity the scheme scores 5 out of 5, meaning that it has a long lasting or extensive positive impact. In relation to Green House Gas emissions the Armada Way scheme scores 4 out of 5. In relation to renewable energy, it scores 3 out of 5, meaning it has no impact or neutral impact. In relation to ocean and waterways it scores 5 out of 5, as it does for climate change adaptation. In relation to air quality, it scores 4 out of 5. In relation to Minerals and Waste it scores 4 out of 5. Lastly, in relation to Education/Engagement and Enabling Conditions it also scores 4 out of 5.

### **Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:**

*\* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

An Equalities Impact Assessment has been undertaken and forms part of the supporting appendices to the report which demonstrates the benefits of the Armada Way scheme.

### **Appendices**

| Ref. | Title of Appendix                       | Exemption (if applicable)  |   |   |   |   |   |   |
|------|---|--|---|---|---|---|---|---|
|      |   | <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i> |   |   |   |   |   |   |
|      |   | 1  | 2 | 3 | 4 | 5 | 6 | 7 |
| A    | Armada Way Briefing Report              |  |   |   |   |   |   |   |
| B    | Armada Way Equalities Impact Assessment |  |   |   |   |   |   |   |
| C    | Armada Way Climate Impact Assessment    |  |   |   |   |   |   |   |

**Background papers:**

\*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

| Title of any background paper(s) | Exemption Paragraph Number (if applicable)  |   |   |   |   |   |   |
|----------------------------------|---|---|---|---|---|---|---|
|                                  | If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box. |   |   |   |   |   |   |
|                                  | 1   | 2 | 3 | 4 | 5 | 6 | 7 |
| Morgan Sindall Tender Submission |   |   | X |   |   |   |   |

**Sign off:**

|   |                       |     |  |            |     |    |     |        |     |               |     |
|---|-----------------------|-----|--|------------|-----|----|-----|--------|-----|---------------|-----|
| Fin   | DJN.<br>24.25.<br>075 | Leg | LS/00<br>0031<br>97/12<br>/LB/2<br>9/08/<br>24 | Mon<br>Off | N/A | HR | N/A | Assets | N/A | Strat<br>Proc | N/A |
| Originating Senior Leadership Team member: Anthony Payne (Strategic Director for Place) |                       |     |  |            |     |    |     |        |     |               |     |
| Please confirm the Strategic Director(s) has agreed the report? Yes                     |                       |     |  |            |     |    |     |        |     |               |     |
| Date agreed: 09/08/2024   |                       |     |  |            |     |    |     |        |     |               |     |
| Cabinet Member approval: Councillor Tudor Evans OBE (Leader of the Council)             |                       |     |  |            |     |    |     |        |     |               |     |
| Date approved: 19/08/2024   |                       |     |  |            |     |    |     |        |     |               |     |