

CABINET MEETING – 22 MARCH 2022

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

NEW WEAR FOOTBRIDGE – PROJECT UPDATE AND ADVANCE ORDERS

Author(s):

Report of the Executive Director of City Development

Purpose of Report:

To update Cabinet on progress of the New Wear Footbridge (“the Scheme”) and seek approval to place advance orders for materials and/or works, where appropriate to do so.

Description of Decision:

Cabinet is recommended to:

- 1) Note the progress update provided;
- 2) Authorise the Executive Director of City Development, in consultation with the Executive Director of Corporate Services and the Dynamic City Portfolio Holder, to place advance orders for materials and/or works in connection with the Scheme, where considered appropriate; and
- 3) Agree to receive a further report prior to the award of the main works contract for the delivery of the Scheme.

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

The delivery of the Scheme will play a significant role in the regeneration of Sunderland Riverside and provide a key connection between Vaux and Sheepfolds.

Prior to the completion of the PCSA period and the award of the main works contract, the ability to place orders for advance works and materials in a timely manner will allow the necessary flexibility to react to adjacent Riverside Sunderland Schemes and volatile market conditions, in particular steel, in order to obtain cost and time benefits for the Scheme. This approach would minimise the cost risk associated with raw materials and managing the interface with adjacent projects.

Alternative options to be considered and recommended to be rejected:

One alternative option was considered and is recommended to be rejected:

Do Nothing: It is considered likely that not authorising the placing orders for advance works and materials prior to the award of the main works contract would lead to an increase in the costs of the Scheme and could also delay the programme.

Impacts analysed;

Equality **Privacy** **Sustainability** **Crime and Disorder**

Is the Decision consistent with the Council's co-operative values? Yes

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

NEW WEAR FOOTBRIDGE – PROJECT UPDATE AND ADVANCE ORDERS

Report of the Executive Director of City Development

1. Purpose of the Report

- 1.1 To update Cabinet on progress of the New Wear Footbridge (“the Scheme”) and seek approval to place advance orders for materials and/or works, where appropriate to do so.

2. Description of Decision (Recommendations)

- 2.1 Cabinet is recommended to:

- 1) Note the progress update provided;
- 2) Authorise the Executive Director of City Development, in consultation with the Executive Director of Corporate Services and the Dynamic City Portfolio Holder, to place advance orders for materials and/or works in connection with the Scheme, where considered appropriate; and
- 3) Agree to receive a further report prior to the award of the main works contract for the delivery of the Scheme.

3. Introduction and Proposal on Advance Orders

- 3.1 Following a competitive procurement process, Volker Stevin Ltd were appointed as the preferred contractor for the Pre-Construction Services Agreement (PCSA) stage of the Scheme in October 2021. The purpose of PCSA stage is to enable the proposed contractor to develop the design to a sufficient level of maturity in order to agree a lump sum contract price for the full Scheme prior to entering into the main works contract.
- 3.2 The design and procurement of structural steelwork, particularly the steel plate, is a critical item to setting the above contract price. Having engaged with the supply chain regarding the price and availability of steel, it is clear that there remains uncertainty in the market. Some institutions had been forecasting a reduction in cost following Brexit and as COVID-19 comes to a close, however, others are citing the developing problems in Ukraine as a risk to the price steel, linked to the oil and gas market. This uncertainty affects the programme and the reliability of steel production, which in turn affects the contract price if prolongation occurs.
- 3.3 Some advance works items may also need to be undertaken if the need is identified during the PCSA stage. For instance, to mitigate against the risk of unforeseen ground conditions it may be prudent to undertake some of the excavation works early; applications for and installation of electrical connections to avoid clashing with other Riverside Sunderland schemes may be required; or undertaking some further demolition and clearance work on the north side prior to main contract award to mitigate against the risk of unforeseen contamination prior to main contract award may be necessary.

- 3.4 Based on the above risks associated with material costs and interface with adjacent works, it is recommended to authorise the Executive Director of City Development, in consultation with the Executive Director of Corporate Services and the Dynamic City Portfolio Holder, to be able to approve the advance order of works and materials during the PCSA stage to mitigate against programme delay and cost increases. This will also allow the project team the flexibility to react quickly to changing markets and take advantage of market opportunities, for example a reduction in the price of the supply of materials, if and when they arise.

4. General Scheme Update

- 4.1 The Scheme is currently 4 months into the PCSA stage and optioneering work on the superstructure and substructures is complete and the architectural optioneering is currently underway. The superstructure outline design has commenced and the Approval in Principle (AIP) document is due to be prepared and reviewed by the independent checker in early April – this marks a significant milestone in the structural design process.

- 4.2 Current programme key dates are as follows:

18 Oct 21	PCSA contract signed
12 Oct 22	End of PCSA Stage and Contractor submits final proposed lump sum contract price
26 Oct 22	(Subject to Cabinet approval) Award of Main Works Contract (estimated 28 months duration)
03 Apr 23	Secure all necessary consents and start on site (20 months on-site)
20 Dec 24	Bridge Open

- 4.3 It is anticipated that a further report will be submitted to Cabinet in due course for further consideration prior to the award of the main works contract.

5. Reasons for the Decision

- 5.1 The delivery of the Scheme will play a significant role in the regeneration of Sunderland Riverside and provide a key connection between Vaux and Sheepfolds.
- 5.2 Prior to the completion of the PCSA period and the award of the main works contract, the ability to place orders for advance materials in a timely manner will allow the necessary flexibility to react to adjacent Riverside Sunderland Schemes and volatile market conditions, in particular steel, in order to obtain cost and time benefits for the Scheme. This approach would minimise the cost risk associated with raw materials and managing the interface with adjacent projects.

6. Alternative Options

- 6.1 One alternative option was considered and is recommended to be rejected:

Do Nothing: It is considered likely that not authorising the placing of orders for advance works and materials prior to the award of the main works contract would lead to an increase in the costs of the Scheme and could also delay the programme.

7. Impact Analysis

- (a) **Equalities** – As explained in the Cabinet report dated 8 December 2020, a full equalities impact assessment will be undertaken as part of the detailed design for the Scheme.
- (b) **Privacy Impact Assessment (PIA)** – Not applicable
- (c) **Sustainability** – The Scheme will improve levels of sustainable mobility across Riverside Sunderland. Appropriate impact assessments will be carried out as part of the detailed design for the Scheme.
- (d) **Reduction of Crime and Disorder – Community Cohesion / Social Inclusion** – Not applicable

8. Other Relevant Considerations / Consultations

- (a) **Co-operative Values** – Not applicable.
- (b) **Other Considerations:**
 - (i) **Financial Implications** – The placement of any advance orders for works and / or materials would be met from the allocation for Riverside Sunderland Infrastructure within the current approved capital programme.
 - (ii) **Risk Analysis** – The proposals in this report are to mitigate the risk of cost increases and programme delays due to the evolving interface with adjacent Riverside Sunderland schemes and the supply of key materials for the Scheme. As mentioned in (iv) below, there are some inherent risks associated with advance orders in advance of the decision to award the main works contract. However, a decision to authorise any advance orders will only be taken where there are clear benefits to the Council in terms of costs and/or time. Further, appropriate contractual safeguards will be put in place to manage the associated risks. This approach is considered the best form of mitigation against increases in capital cost and programme delay.
 - (iii) **Employee Implications** – Not applicable.
 - (iv) **Legal Implications** – Under the terms of the current PCSA, it will be a condition of any advance orders that an appropriate level of security is provided by the contractor to the Council in consideration for its advance payment. This will include an advance payment bond (which will apply until the relevant materials have been delivered to site) and thereafter a vesting certificate in respect of the Council's ownership of such materials following their delivery to the site. This will provide security to the Council for its advance payment in the case of a insolvency event or other default by the contractor.
 - (v) **Policy Implications** – Not applicable.
 - (vi) **Health & Safety Considerations** – Not applicable.
 - (vii) **Property Implications** – Not applicable.

- (viii) The Public / External Bodies** – Not applicable.
- (ix) Compatibility with European Convention on Human Rights (ECHR)–**
Not applicable.
- (x) Project Management Methodology** – Not applicable.
- (xi) Procurement** – the method for procuring materials early will mirror the route that would be taken if the Council had already awarded the main works contract. Volker Stevin are engaged with their preferred suppliers and the Council would review sub-contract terms prior to implementation to ensure adequate protection, warranties and insurances are provided.