

**NORTH WALSHAM HIGH STREET HERITAGE ACTION ZONE PROGRAMME
UPDATE REPORT**

Executive Summary	This Briefing Paper outlines the topic points and summary of discussions resulting from a meeting held between Cllr Dixon (Chair of Overview and Scrutiny Committee, Cllr Penfold (Vice Chair) and Cllr Housden regarding the budget position relating to the North Walsham High Street Heritage Action Zone programme.
Recommendations	To note the contents of this Briefing Paper.
Reasons for recommendations	The Committee has taken a keen interest in this high-profile project, and it is prudent that all members of the Committee are informed as to the discussion points.

Wards affected	North Walsham Market Cross, North Walsham East, North Walsham West.
Cabinet member(s)	Portfolio Holder for Sustainable Growth
Contact Officer	Robert Young, Assistant Director for Sustainable Growth

Links to key documents:	
Corporate Plan:	<i>“Working with our Market and Resort Towns to reinforce their roles as local service centres, centres of employment and business activity, served by public transport” [sic.]</i> <i>“Maximising external grant funding to deliver the Council’s corporate objectives”</i>
Medium Term Financial Strategy (MTFS)	The contents of this Briefing Paper do not impact upon the MTFS
Council Policies & Strategies	None

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	Is the item exempt, if so, state why.
Details of any previous decision(s) on this matter	Provide the dates of any previous decisions relating to this

Following apparent misunderstandings of the budget position relating to the North Walsham HAZ place making element, a meeting was held between Cllrs Dixon, Penfold and Housden and the Director for Place and Climate Change and Assistant Director- Sustainable Growth. At this meeting several points were discussed, and clarification provided. Further to this meeting, the Chairman asked for the following topic points and discussion outcomes to be shared with the whole Committee, so that all Committee members can be fully apprised of the position.

1. Matters relating to Project 'Contingency'

Discussion was held around the decision to proceed with the NWHAZ project work on a "cost-plus" basis with accredited contractors, target prices and tight timescales and spend certain funds in this period of high inflation, which in the views of some Councillors, had rendered monitoring of the contingency element of the funding near impossible.

Firstly, details of the contract arrangements are explained at paras 3.7 and 3.8 of the associated O&S Report on the agenda for 11th October. At the meeting officers advised that due to the timing constraints, two variations of standard NEC contract were used, the first being a 'Cost-Plus' arrangement, and secondly, a 'Target-Price' approach i.e., not a fixed price contract for a specific design, but rather, it allowed the scheme to be varied and the costs to be reassessed as the scheme progressed. As a result of these approaches, this meant there was no specific contingency – which officers believed had led to some of the confusion around contingency spend. It was also discussed that officers had mitigated some inflationary costs pressures through purchasing materials in advance.

2. Importance and Implications of 'Cost-Plus' and Target Price contracts

The meeting discussion provided confirmation that as the contract was not of a fixed price, inflationary pressures were borne by the Council. Officers acknowledged that it would have been beneficial for early indication to O&S that there was potential for costs to have increased, however, it was also explained that the project followed the Council's project management process precisely and that updates had been provided to the Board throughout the process. All agreed that 'highlight' reports should be a feature of future projects to avoid the later notification of project trends/issues.

3. Tenders

The meeting raised matters relating to the mention of tenders being required, with the quotes to be provided once available – and this not occurring. As a result, Committee Members had felt frustrated and left with false expectations. This was acknowledged by officers; but it was explained that at the time the tender suggestion was raised at O&S, there had been every intention to follow this course of action. However, in light of the budget pressures that revealed itself, it was subsequently deemed prudent to pause any tender process and reevaluate the options for Black Swan Loke. This was advised and clarified to O&S at the following meeting, although this message should have been clearer. A tender exercise is still expected, but this will only take place once designs are finalised. At present, we are not able to progress to the tender stage as the scheme designs are still being worked up. This matter is discussed at para 3.12 of the associated O&S report.

4. Cost breakdown requests

At the meeting, Councillors considered that the costs breakdowns supplied by the Corporate Business Manager on 20 Dec 22 and subsequent responses by the Director of Resources failed to cover pivotal points and mostly focussed on figures. Officers considered the Corporate Business Manager's response provided to Cllr Dixon, and copied to all Members, on 20th December gave the information available to answer most of the questions posed. The concerns remaining on 20 December, and onwards, related to the need for further details and the need to clearly explain the points now covered in paras 1 - 3, above, such that some Members were still unclear about the justification of certain elements of the requested £400k and the level of information to inform the Cabinet decision.

5. Future actions / communications

The discussion acknowledged that this matter had extended far longer than it needed to, and that Members search for information on this project points highlighted the importance of clear communications, especially around timely updates. In the main it was considered that updates should come firstly from the Cabinet Member or secondly the lead Officer directly to OSC; and that if satisfaction isn't reached at that point, then a small group could be formed to discuss, outside of the main Meeting as this would save precious Committee meeting time. It was agreed that there are lessons for everyone resulting from this project and this approach.