



WORTHING BOROUGH
COUNCIL

Worthing Joint Strategic Sub-Committee
6 February 2024

Key Decision [Yes/No]

Ward(s) Affected: Central Ward
Cabinet Portfolio: Cllr Caroline Baxter

Worthing Integrated Care Centre Project

Report by the Director for Place

Officer Contact Details

Martin Randall, Director for Place
martin.randall@adur-worthing.gov.uk

Executive Summary

1. Purpose

- 1.1. The purpose of the report is to advise members of the Sub-Committee of a dispute that has arisen in relation to the development of the Worthing Integrated Care Centre (WICC) and Multi-Storey Car Park (MSCP); to propose a suitable financial resolution; and to advise on associated fees and interest payments related to the project.
- 1.2. To set out a clear picture of the final amounts required to complete the wider project to an agreed deadline.

2. Recommendations

- 2.1. The Joint Strategic Committee is recommended to approve:
- 2.2. To approve a budget virement of £1.85m from the Strategic Property Investment to settle the dispute;
- 2.3. To approve further budget virements from the Strategic Property Investment Fund of:

- £250k for legal/professional fees;
- £721k in additional interest costs on borrowing

to ensure practical completion of the WICC and MCSP by May 23rd 2024.

- 2.4. Members are also referred to the further information set out in Exempt Report at Appendix 1.
- 2.5. To authorise the Director for Place to finalise the terms of the settlement agreement and to enter into that agreement in consultation with the Leader and Cabinet Member for Regeneration.

3. Context

- 3.1. The Worthing Integrated Care Centre will bring together GP services, mental health provision, community care and a pharmacy onto one central site at Stoke Abbott Road, Worthing. The new facilities will make it significantly easier for patients to access care and it will also provide a significant upgrade to the facilities used by NHS partners in Worthing.
- 3.2. At the Joint Strategy Committee (JSC) on 30 March 2021, Members of the Committee approved the Full Business Case for the Worthing Integrated Care Centre and MultiStorey Car Park to release the full budget for the construction of the WICC and MSCP funded through borrowing, subject to final agreement of the Heads of Terms for the occupier leases, acquisition of Central Clinic and the development agreement (£33,971,000). Delegated authority was given to the Head of Major Projects & Investment to execute occupier leases and service level agreements for the occupation of the WICC facility and to authorise the acquisition of the Central Clinic.
- 3.3. The new facilities were anticipated to open in December 2023. However, the development, along with the wider construction industry has not been immune to construction price inflation and supply chain challenges and on 13th June 2023 members of the Committee approved a budget virement of £5.63m from the Strategic Property Investment Fund to complete the construction of the WICC and MSCP.

- 3.4. The WICC is now scheduled to be completed no later than 23rd May 2024. The additional time has impacted on the interest charges related to the Council's borrowing costs and the professional fees associated with the project management of the WICC.
- 3.5. Mindful of the context referred to above, it has become increasingly common for disputes to arise between contractor and client in relation to construction projects and the WICC is no exception in this regard.
- 3.6. The dispute in this case (which is detailed in the Exempt Appendix) has been the subject of Adjudication proceedings which have been stayed to enable the parties to negotiate a settlement agreement on the matters referred to in the Appendix.
- 3.7. The legal advice that has informed the settlement approach is set out in Exempt Appendix.

4. Conclusion

- 4.1. Within the request for the additional sum, a sum is included for the proposed settlement agreement, the details of which are in Appendix 1. The proposed settlement is considered to be a proportionate and reasonable approach and WSWL on behalf of the Council should proceed to negotiate the precise terms of the settlement and ultimately enter into a settlement agreement.

5. Financial Implications

- 5.1. The previously approved budget for the scheme is £39,601,000. This budget is based on the inclusion of the construction contract costs, professional fees, and borrowing costs. It also includes provision for the purchase of the Central Clinic. Overall, provision is now made for a maximum cost of £42,422,000.
- 5.2. The council needs to approve a budget virement of £2.821m from the Strategic Property Investment Fund (SPIF) budget to enable the completion and delivery of the project. There is currently £5.896m remaining in the fund.

6. Legal Implications

- 6.1. Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 6.2. Section 1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 6.3. Section 1 of the Local Government (Contracts) Act 1997 confers power on the Council to enter into a contract for the provision of making available assets or services for the purpose of, or in connection with, the discharge of the function by the Council.
- 6.4. At Appendix 1 there is an additional document that is exempt under the Local Government (Access to Information) Act 1985 as the information relates to the financial or business affairs of the Council and contains legal advice. This information must be given due consideration and taken into account prior to the committee making a decision.

Background Papers

- Report to the Joint Strategic Committee 10th October 2017 - Health Related Development on Worthing Town Hall Car Park
- Report to Joint Strategic Committee Meeting 06/11/2018 - Investing in Worthing Town Centre - Approach to Car Parking Provision
- Worthing Town Centre Investment Prospectus 2016
- Integrated Care Centre cost plan - Report on construction costs, 7 November 2019
- Procurement Approach for Worthing Integrated Care Centre (WICC) Development, 9 June 2020
- Delivery of Worthing Integrated Care Centre and MSCP on Worthing Town Hall Car Park, 30 March 2021
- CIL Regulations (as amended)
- Worthing CIL - Infrastructure Investment Plan (IIP) 2020-2023 - 2022 Update
- Joint Strategic Committee 2 April 2019, agenda item 7 - Worthing Community Infrastructure Levy - Governance and Procedural Matters
- Joint Strategic Committee 9 June 2020, agenda item 12 - Worthing Community Infrastructure Levy - Infrastructure Investment Plan (IIP)
- Joint Strategic Sub Committee 13 June 2023, agenda item 11

Sustainability & Risk Assessment

1. Economic

1.1. The project is strategically interlinked with a planned wider investment programme connected with future developments at other key sites in Worthing.

2. Social

2.1. Social Value

The new facility will represent an opportunity to provide updated and integrated care facilities for local residents.

2.2. Equality Issues

New facilities for the provision of care will be delivered to a high standard and will be fully accessible to people with disabilities.

2.3. Community Safety Issues (Section 17)

Works will be managed under the Construction Design & Management (CDM) Regulations 2015.

2.4. Human Rights Issues

Matter considered and no issues identified.

3. Environmental

The new facility will achieve a BREEAM Excellent rating.

4. Governance

A dedicated project board oversees the governance of the project ensuring:

- 1) Due diligence
- 2) Alignment with Council policies and priorities
- 3) Legal issues and compliance with legislation
- 4) Risk management including health and safety
- 5) Statutory approvals
- 6) Stakeholder management and engagement
- 7) Change control

5. Sustainability & Risk Assessment

All implications associated with any impacts on sustainability are considered through the council's BREEAM assessment which is required to be of an excellent standard to fulfil the requirements of a NHS occupied facility.

A Risk Register is assessed through the Project Board. Any associated risks are delegated to the Project Team in the form of a risk assessment. This organic document is assessed on a monthly basis.