



Belfast City Council

Report to:	Parks and Leisure Committee
Subject:	Connswater Community Greenway
Date:	11 March 2010
Reporting Officer:	Ciaran Quigley, Director of Legal Services
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Purpose of the Report

The Committee at this meeting on 13 March 2008 agreed to provide £4.2 million capital funding to the Connswater Greenway project, and agreed to the engagement of officers in the scheme.

Relevant Background Information

Land Assembly for the Greenway has been led by the Director of Legal Services with the support of the Estates Team.

The East Belfast Partnership secured £32.5 million funding for the project. In addition to the Council's funding they have secured funding of £23.5 million from the Big Lottery Fund and £3.2 million from the Department of Social Development. The Council has agreed to manage and maintain the greenway for a period of 40 years on its completion.

In 2009, as the Connswater Greenway is intrinsically linked with the East Belfast Flood Alleviation Scheme, it was agreed that a joint design in respect of the capital works contract would be developed in connection with the rivers agency and one contractor would be appointed to deliver both the Greenway and the Flood Alleviation Scheme. The estimated cost of the associated Flood Alleviation Scheme is £7 -£14 million and the total estimated cost of the combined Connswater Greenway/Flood Alleviation Scheme Contract is £43 million.

Key Issues

As project development has progressed, it has become clear that there could be a significant reduction in the overall project risk and simplification in many areas if the Council were to become the employer for the Contract.

The East Belfast Partnership Board has therefore requested that BCC take over the Contract, and that all Funders reconsider the Council as the employer.

The main benefits of such an approach are:

- a. The East Belfast Partnership Board does not have sufficient cash flow, security or overdraft facilities should Funders' payments not be released in time to pay the Contractor. The Contractor will charge the partnership if this is the case which is a financial and organisational risk to the East Belfast Partnership Board.

If the Council were to become the employer under the Contract then this risk is removed as the Council, as a much larger organisation, has a much greater ability to manage the financial risk.

- b. The Council becoming the employer under the Contract would remove any uncertainty should there be any change in the status of the Partnership Board.
- c. The handover and defects liability process will be considerably simplified should the Council be the employer under the Contract. As things currently sit, it is likely that sections would be completed and handed over on a phased basis. If the Partnership Board are the employer under the Contract then sections would be handed over to them who would then in turn have to hand over the sections to the Council. If the Council was not happy with the works then it would not have any direct relationship with the Contractor. Similarly, after the defects period, the Council could not claim defects from the Contractor should they arise. Obviously the Council as end user has an interest in ensuring the work is completed to the required standard, and a direct relationship with the Contractor much improves the Council's ability to ensure this.
- d. A suite of legal agreements will be required if the Partnership Board is the employer. These would be simplified if the Council were the employer, as the Council would not need to seek Collateral Agreements, Warranties and Bonds.
- e. The maintenance arrangements for the Greenway on completion will be simplified if the Council is the employer under the Contract. Management and Maintenance Agreements will be required with the other Funders and bodies such as DRD Roads and Rivers Agency. It would be much more simple for the Council to make these directly with the agencies rather than through the Partnership Board.
- f. There may be a saving on VAT should the Council take over as employer of the Contract.

As can be seen from the above, the project would be greatly simplified, and have less risks attached, should the Council become the employer under the Contract. Council officers have held initial discussions on this with representatives from the Partnership Board.

It should be stressed that this is not a case of the Council taking over the project as a whole. The Council would still work in tandem with the Partnership Board, with the Partnership Board still being responsible for many aspects of the project and remaining as the primary community interface. The Council and the Partnership Board would propose entering in to a Management Agreement to regulate their rights and responsibilities to each other in the event of the Council becoming the employer under the Contract.

The proposed arrangement would be subject to the consent of the other Funders, namely the Big Lottery and DSD.

With this in mind the Director of Legal Services and other officers met with representatives of the East Belfast Partnership and the Big Lottery Fund on 4 March to discuss the matter and to gauge whether the Lottery would be happy to proceed on this basis. The representatives of the Big Lottery indicated that they would be in principle in favour of this arrangement.

This would be subject to agreement and to the internal processes of the Big Lottery.

Initial enquiries with the DSD have also proved favourable.

Resource Implications

The Connswater Greenway budget has been agreed at £4.2 million pounds capital expenditure to support the project, and legal and estates officers are currently engaged in the Land Acquisition. Adoption of the strategy as outlined in the Report will require resources from the Property and Projects department.

Recommendations

The Committee is asked to endorse the strategy of the Council becoming the employer under the main Connswater Greenway Contract and to agree to the Director of Legal Services and other officers continuing discussions with the East Belfast Partnership Board and other Funders with a view to making this a reality.

Decision Tracking

Director of Legal Services responsible for overseeing the implementation of the Committee's decision.

Key to Abbreviations

DSD: Department for Social Development
DRD: Department for Regional Development

Documents Attached

None.

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