



# Portfolio Holder Decisions

## Resources Portfolio

1. **Provision of specialist planning consultancy support to the Development Management team for the Halite Gas Storage Project** (Pages 1 - 4)

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## Portfolio Holder Report

The Portfolio Holder will make a decision on this item after seven days have elapsed (including the date of publication).

Report of:	Portfolio Holder	Date of Publication
Garry Payne, Chief Executive	Cllr Alan Vincent, Resources Portfolio Holder and Deputy Leader	12 July 2018

### Provision of specialist planning consultancy support to the Development Management Team in relation to the Halite Gas Storage Project

#### 1. Purpose of report

1.1 To seek approval for the engagement of the engineering consultancy partnership Fairhurst as the council's consultants to work as part of the Development Management Team when required, to discharge and monitor the requirements set out in the Development Consent Order (DCO) granted on 17 July 2015 for the Halite Gas Storage Project ('Halite Project'), an underground gas storage facility at Preesall.

#### 2. Outcomes

2.1 Compliance with the Council's Financial Regulations and Financial Procedure Rules ensuring cost effective procurement.

#### 3. Recommendation

3.1 That approval is given to enter into a contract with Fairhurst following the completion of a competitive tendering procurement process through the CHEST.

#### 4. Background

4.1 The Halite Project was granted a Development Consent Order (DCO) on 17 July 2015 following examination of the project by the Infrastructure Planning Commission. The consent was granted subject to an agreement under the provisions of S106 of the Town and Country Planning Act 1990 which makes provision for, amongst other matters, an agreement to be made between the council and Halite for the reimbursement of the cost, to the officers and agents of the council, reasonably incurred in discharging the requirements of the DCO and monitoring the development to ensure compliance with the DCO. Under this provision, the net cost to the council in discharging and monitoring the requirements of the DCO will be nil. Halite have been informed of the indicative costs and are comfortable with the approach taken by the council. Should any dispute arise, a dispute resolution process would take effect and this is provided for in the S106 agreement.

- 4.2** After calculating the approximate number of work hours likely to be required to discharge the requirements, having regard to the scale and nature of the project and the proposed timetable for implementation, it was concluded that the work could not be achieved by the use of existing planning officer resources. It was therefore decided to seek additional professional consultancy advice via a competitive tendering process through the CHEST.
- 4.3** The tendering process resulted in three valid tenders being submitted and all three consultancy firms were subsequently interviewed. The tenders and interviews were scored with weighting on the basis of 80% quality and 20% price.
- 4.4** The engineering consultancy partnership Fairhurst were successful, scoring highest. As we do not know precisely when all the discharge applications will be submitted for consideration, or how much work will be required in respect of all of these, it is not possible to specify an actual total contract price although a 'worst case' estimate is that it could amount to £422,470 over an assumed three to four year period.

## **5. Key issues and proposals**

- 5.1** This is a key decision because it will result in a contract the value of which exceeds £100,000.
- 5.2** Fairhurst have been engaged in preliminary work on the Halite Project since January 2018 in accordance with the tender requirements. A formal contract has not yet been signed and it is proposed that their appointment is formalised now before the substantive project work commences.
- 5.3** The report was not done previously owing to the urgency to engage consultants as Halite were committed to submitting applications in accordance with their project timetable and there was no resource available in the planning team to deal with the additional workload imposed by the project. As the S106 agreement attached to the DCO allows for all reasonable costs to be reimbursed to the council by Halite, there is no net cost to the council arising from the contract. However, there is an impact on the authority's cash flow which will need to be managed in order to limit the opportunity cost of being able to invest previously surplus cash and avoid any temporary borrowing costs.

<b>Financial and legal implications</b>	
Finance	The total cost of consultancy on the Halite Gas Storage Project is unknown but has been estimated at a maximum of £422,470 over an estimated three to four years. The cost of the consultants will be met initially by the council who will in turn invoice Halite on a quarterly basis for reimbursement. The overall cost should be net nil with any impact on cash flow being managed to avoid temporary borrowing costs.
Legal	The appointment of Fairhurst has been carried out in accordance with the Council's Constitution - Financial Procedure Rules Appendix F - Contract Procedures. A contract for services will be entered into with Fairhurst.

### **Other risks/implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>implications</b>	<b>✓ / x</b>
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

<b>risks/implications</b>	<b>✓ / x</b>
asset management	x
climate change	x
data protection	x

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<b>List of background papers:</b>		
<b>name of document</b>	<b>date</b>	<b>where available for inspection</b>
None		

### **List of appendices**

None

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