

Mr President...

As we come to the end of this parliament, I thought it an ideal opportunity to reflect on the seeds of the project and to update Members on the current position.

The Douglas Promenade, the gateway to the Island, has been in a pitiful condition for too long. For over a decade, Hon Members have tried to agree on what they wanted to happen.

Ideas and designs were repeatedly developed, costed and rejected. The existing sea wall was included then removed, as was the promenade walkway. All this uncertainty led a previous administration to start work in small phases, having only outline cost and layouts for future phases. Whilst this did allow construction to start, the lack of definition ultimately led to Phase 2 being stopped just 2 days before it was due to start.

In July 2017 this Court was presented with a series of design options and philosophies which were agreed as a basis to take the promenade refurbishment forward. These included the preferred layout for the horse trams, the concept of the Cultural Area and support for the implementation of a lower speed environment. It agreed to a Promenade where people and a sense of place was given just as much priority as vehicles. I give full credit to my predecessor for his decision to stop talking and start building. He got us started on site and drove the scheme forward towards completion.

I think I should be clear that the Department entered into a contract with its construction contractor that gave a fixed price and a fixed finishing date. However, as is entirely normal, both the price and date can change if there are factors beyond the control of the contractor. These are called compensation events. Generally the price goes up and the date goes out but there are benefits to the client if the contractor misses quality and timescale targets.

Whilst the goal was always a completely new streetscape, in reality this has been a services replacement scheme. For about 100 years all sorts of infrastructure has been buried under the Prom. Despite extensive planning, surveying and cooperative working with all the Statutory Authorities, it quickly became apparent that there were numerous sections of unknown infrastructure in the ground alongside and in addition to all the known and chartered assets. All of the existing water, gas, electric and telecom mains had to remain live whilst their replacements were installed. Furthermore, even the known services were often not where expected and or at a different depth. This service replacement work was a huge project in its own right, without even considering the construction of a new highway and tramway above this infrastructure!

The resultant changes to statutory infrastructure caused constant and ongoing changes to the proposed highway drainage system as well as changing the detailed design at ground level to kerb alignments and levels. The consequence of service changes, both minor and major should not be underestimated.

In all, nearly one million pounds worth of additional service costs were put into the road post contract. These in turn led to compensation events for the contractor, entitling it to more money and extending the official end date further.

As the extent of the work on site increased there were calls to limit the impact of works on those who live, work or travel on the Prom. This scheme isn't like replacing one lane of a motorway, where the contractor can cone off a long section and work pretty much in isolation. As well as all the buried services, we had to do whatever we could to work with as little disruption on others as possible.

I acknowledge that businesses on the Douglas Promenades have suffered as a result of the scheme. Additional staff were engaged to help liaise with the businesses, and the Department for Enterprise put in place financial and marketing support packages. I am very grateful for the support of the Department for Enterprise, which has been absolutely first class.

As the summer of 2020 approached, the concerns of businesses led to requests that we should not work in front of the landside properties during the summer months. Whilst the Department was happy to agree to this, the issue of landside working alone resulted in the contractor having to re-programme the entire project, further change its traffic management plans and request yet more changes to the design from the DOI, specifically in relation to highway drainage and manhole locations. Reprogramming this work took months of effort. This all resulted in significant compensation event costs and more time for the contractor.

No sooner had these new arrangements started when COVID-19 struck the Island for the first time. Construction sites were shut down. The total impact of Covid-19 has not yet been fully-realised, but it is likely to be in excess of one point five million pounds for this one contract alone.

The Department realised that COVID-19 had all but put an end to the 2020 summer season and asked the project team to negotiate an accelerated finish to the project, which it did.

The Acceleration Agreement effectively created a new price for the project absorbing all of the delays, slow progress and changes of the past. It also removed from the scope of the project some specific parts of the scheme. The tram track from Broadway to the sea terminal was to be delayed, as were the block-paved roundels at Broadway and Church Marine Road. Other work was taken out of the contract with Auldryn and instead delivered by the Department of Infrastructure. In return, Auldryn Construction committed to finish the project by the end of March 2021, in time for what we all hoped would be a full summer season.

The conceptual design features for the area inside Cultural Quarter were put to open competition. As a result, this inspiring area will be stunning as a place to spend time and enjoy life. I was pleased to support a change that saw us using locally cut Pooil Vaaish stone. All this enhancement added considerably to the cost of the project, but in an area that I think we will all support when we see the finished product. Honourable Members can actually see this work being done now- it really is looking like a fabulous centrepiece to the Prom.

In the end, the project will cost more than originally planned. I expect that the total will exceed the budget by about £3m. I have explained why this is and now wish to explain why I am not at this point asking for a supplementary vote. Firstly, I have secured the support of Treasury to vire £1.69m of funds from other DOI highways capital budgets that we were struggling to spend due to the pressure on the construction sector. We chose to add to the

cost of some elements of the Prom and it is right that we find the money for that. Secondly, once the full cost of COVID on the scheme has been calculated according to the contract we will seek Treasury support for contingency funding for that element. I see this as a genuine case of needing contingency funds- even our harshest critics would not seek to lay the blame for COVID at DOI's door. I am predicting that the COVID cost will be £1.5m, but that cannot be finalised until the scheme is done.

This has been an enormous undertaking, which has challenged the Island's capacity to deliver. As with every construction project, there has been challenges and changes to overcome, and I acknowledge that these have had an impact on those who live and work on the Promenade. I am very sorry for those who have suffered. I have walked the Prom regularly and spoken to many business owners. I hope that we did what we could to help.

I think that it is fair to say that our contractor has struggled with this scheme. Despite the challenges, we continue to have a good relationship with the contractor. We are doing all that we can to help Auldyn- Members can see DOI's paving crews at work on the Prom this week, for example. With that help, the contractor assures us that the work will be finished in September. Before then, large sections of the Prom will be completed and handed back.

With hindsight we may have taken different decisions if we knew then what we know now. We started this scheme something like 15 years ago. The scheme has featured in the Pink Book since 2009. I am at least the sixth Minister to have handled this scheme- and one of my predecessors had 2 stints! More than any other scheme, what we have been doing has been done in the full glare of public scrutiny. We are working in the very heart of our Island to give us the new front door that will welcome our visitors and delight our residents.

I am very grateful to those who kept their eye on the value that the finished scheme would add to their business and their town. I am pleased that units in the Villa Marina Arcade are now reported to be in great demand. I am grateful for the continued support of the Leader of Douglas Borough Council.

I would like to thank those involved in bring the project through the last few years, including particularly the previous Ministers and Members of the Department of Infrastructure. My Department has worked very closely with the Manx Utilities Authority and the Department of Enterprise- the support of both bodies was critical.

Honourable Members, we tend to think in terms of Ministers, Members and Departments. Of scrutiny committees, reports and motions. I am of course grateful to all those here who have taken the time to point out areas where we can improve or people who need help. To those Members that have been in the Department over the years and have supported their Ministers. To the Environment and Infrastructure Policy Review Committee, which has held us to account- that hasn't always been easy but it has helped us get better, which is surely the ultimate point of scrutiny. However, despite all this, I want to close by thanking most of all those who have actually built the new prom that we will be using and enjoying for decades to come. We have had people from across the globe working on the scheme. Hundreds of people have spent their days- and sometimes nights- working on site. They have been supported by a small army of construction professionals- engineers, designers, project managers, quantity surveyors and more. These in turn have been supported by business support colleagues, communications teams, administrators and more. Between us

all we have got to the point where the end is absolutely in sight. It's been a slog, but it will be worth it.