

Report To: STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

Date : 10 July 2017

**Executive Member/
Reporting Officers:** Councillor Jim Fitzpatrick - First Deputy (Finance and Performance)

Damien Bourke - Assistant Executive Director (Development, Growth and Investment)

Subject: VISION TAMESIDE PHASE 2 PROGRESS UPDATE

Report Summary: This report provides a progress update on project delivery, costs and funding, delivery timescales and risks associated with the Vision Tameside Phase 2 Programme this includes the new Shared Service Centre and the Streetscape Improvement Project.

Recommendations: That the Panel consider the contents of the report and:

1. Notes the progress with the delivery of the overall Vision Tameside Phase 2.
2. Notes the emerging risk associated with the delay in securing an appropriate funding package for the Streetscape Improvement project.
3. Recommend approval of the budget, variations and virements detailed in section 7 of this report.
4. Notes the excellent progress being made to drawdown the £4 million Skills Funding Agency Capital Funding.

Links To Community Strategy: Prosperous Tameside

Policy Implications In line with approved policy

**Financial Implications:
(Authorised By The Section
151 Officer)** The overall costs of the Vision Tameside programme include the development of the Shared Service Centre. The budget for the Centre must be contained within the overall net allocation of £48,673,794, which was approved in February 2015. Also included within the programme is the Streetscape Improvement project the current estimated costs of which are identified in section 4.

Shared Service Centre

The proposed budget for the Shared Service Centre after approved virements identified in section 7.8, is shown in the table below

Budget Heading	Budget proposal March 2017 (£)
Total Demolition / Construction costs (including revised commercial offer and inflation contingency)	38,693,279
TMBC Furniture Budget	1,500,000
Approved Change Orders To Date	159,813
Additional Asbestos Costs (now	680,000

included in total demolition /
construction cost)

Total Demolition / Construction Costs	41,033,092
Less SFA grant	-4,000,000
Cost paid by partners for furniture	-432,000
2014/2015 Ryder Invoices	23,895
TMBC Construction Contingency (for dark ground)	50,000

Net Construction Costs	36,674,987
Decant / condition works	2,797,320
Co-op bank termination of lease	95,408
Programme Management	118,689
Fit out costs of temporary store re Early Lease termination – Wilkos	832,978
College Fixed Furniture and Equipment	850,000
Fit Out Costs - Early Wilko's Lease Termination	859,900
Public Realm Works	2,631,000
Document Scanning	250,000
Potential Loss of profits Wilko's	550,000
Legal Costs of Construction Works	122,832
IT Enablement	2,194,000
Programme Contingency	696,680
Total	48,673,794

Any additional costs that arise will need to be delivered from the remaining overall contingency to ensure that the project remains within the overall approved budget.

The original budget allocation for legal costs was £50,000 to date £122,832 has been paid and the difference has been vired from contingency. It will be worth considering allocating a revised budget allocation once an estimate has been obtained via the remaining contingency budget.

The contingency budget will need to be closely monitored. The virements requested in this report will give a remaining balance of £696,680.

It is important that regular stringent monitoring of the programme budget continues and that leases, with all potential occupants are completed as soon as possible so that the capital and revenue implications of the programme can be confirmed.

Within the SFA grant awarded (section 7.10) there is £60,000 to support the administration of the grant which also needs to be closely monitored.

Streetscape Investment Project

Section 4.8 of the report states there is current an estimated funding shortfall of £524,579 with options to mitigate this shortfall (section 4.11). It is stated that supporting funding allocations will be confirmed during the Autumn 2017 when a further report will be presented for consideration to ensure the project is financed within available resources.

Recant

Section 5 of the report explains that a further report on recant proposals will be presented in September 2017 for consideration. It should be noted however that there is currently no budget within the Vision Tameside funding envelope to support the recant plan. It is therefore essential that the associated financing arrangements are clarified within that report.

Legal Implications:

(Authorised By the Borough Solicitor)

There needs to be some strong project management and the continued operation of a Project Board is key to assisting in the management of deadlines and future milestones going forward.

Whilst running in conjunction with the Vision Tameside Phase 2 project, the Project Board must be mindful that the Streetscape Improvement Project (formerly referred to as the Public Realm Project) sits outside of the Vision Tameside Phase 2 funding envelope.

The Executive Cabinet report of 29 June 2016 noted The current projected costs for the Ashton Town Centre project are £9,655,383 with Council commitments of £8,191,726 of which £2,631,000 sits within the overall Vision Tameside budget. The funding package therefore relies on financial contribution from external sources including the GM Growth Deal Round 3 programme and Network Rail. A detailed business case and funding bid for £1.2 million has been submitted to TfGM and informal feedback received to date has been positive. A formal decision is expected by the end of July 2016.

The Strategic Planning and Capital Monitoring Panel report of 11 July 2016 reported that the current projected costs for the Ashton Town Centre project are £9,655,383 with Council commitments of £8,191,726 of which £2,631,000 sits within the overall Vision Tameside budget. The funding package therefore relies on financial contributions from external sources including the GM Growth Deal Round 3 programme and Network Rail. A detailed business case and funding bid for £1.2 million has been submitted to TfGM and informal feedback received to date has been positive. A formal decision is expected by the end of July 2016.

This report highlights a current funding deficit of £5,468,286 as detailed in section 4.8.

Risk Management:

The key risks, impact and mitigation proposed are included in the report at Section 8.

Access To Information:

The background papers relating to this report can be inspected by contacting the report writer Damien Bourke, Assistant Executive Director, Development, Growth and Investment by:



Telephone: 0161 342 3544



e-mail: damien.bourke@tameside.gov.uk

1. INTRODUCTION

- 1.1 The purpose of this report is to provide a progress update on project delivery, costs & funding, delivery timescales and risks associated with the Vision Tameside Phase 2 Programme.
- 1.2 The second phase of the Vision Tameside programme creates a new Advanced Skills Centre for Tameside College alongside a new Shared Service Centre for the Council and its partners.
- 1.3 Since the last report to the Strategic Planning and Capital Monitoring Panel (SPCMP), on 13 March 2017, substantial progress has been made with key elements of the Programme as set out below.

2. VISION TAMESIDE PHASE 2

- 2.1 Key progress milestones achieved to date include:
 - Demolition contract completed 12 September 2016
 - Enabling works for construction commenced 13 September 2016
 - Piling works complete commenced 19 September 2016
 - Construction contract award on 22 November 2016
 - Steel beam signing ceremony held on 6 December 2016
 - Construction of foundations complete
 - Steel frame erection complete
 - Metal decking complete
 - Topping out ceremony on 21 June 2017.
- 2.2 Overall, the project is making good progress with the position against projected programme currently being maintained.
- 2.3 Current works on site include upper floor slabs, windows, drainage installation; curtain walling, brickwork, roofing, and repairs to the rear of the town hall. It should be noted that negotiations are on-going, with related parties, to agree an appropriate insurance settlement for the damage to the rear of the town hall, which was caused during the demolition of the former Council Offices.
- 2.4 Following the recent tragedy at Grenfell Tower, assurance has been sought from the LEP and Carillion that the specifications and method of installation of the proposed cladding material for the building do not pose unacceptable levels of fire risk. A technical review is currently underway including the overall fire risk strategy for the building. A verbal update will be provided at the meeting.
- 2.5 Pro-active communication continues to take place with local stakeholders to keep them up to date on progress and mitigate against any town centre disruption created by the construction works.
- 2.6 The demolition phase of the project has received a gold award at the National Considerate Constructors Awards Ceremony in March 2017. These awards are designed to recognise the extraordinary commitment that sites, up and down the country have made to improve the image of the construction delivery.
- 2.7 Health and Safety performance has been good and several specialist site visits and quality audits undertaken to date have not identified any significant issues.

- 2.8 The latest independent external monitoring of the project for the Skills Funding Agency in March 2017 reported general satisfaction with the overall progress and financial status of the project.

3. PROGRAMME MANAGEMENT

Vision Tameside Working Group

- 3.1 The Working Group, chaired by the First Deputy (Finance and Performance), continues to meet monthly to oversee the development and delivery of the project. The Working Group also provides strategic direction to a number of Task Groups responsible for delivering the different elements of the Programme such as the streetscape improvements, working differently agenda, facilities management, employment and skills and communications.

Building Design and Scope

- 3.2 The overall scope and external fabric of the building has not changed since the last report. However, some design changes have been approved by the Working Group, within the project's financial envelope, following completion of the appropriate Reviewable Design Data process. This is to ensure that the building is better able to meet the Council's objectives and requirements.
- 3.3 In addition, new accommodation requirements for levels 01, 02, 03 and 04, reported to the Council's Executive Board on the 15 March 2017, have now been formally instructed.

Reviewable Design Data (RDD) Process

- 3.4 The Design & Build contract for the project allows the Council to review some detailed design data against an agreed timetable. The review process is based on the designs and costs which were approved by the Council's Executive Cabinet on 16 December 2015.
- 3.5 Any changes requested during this process could have an impact on cost and programme and a robust management regime is therefore being implemented to minimise risks. Relevant officers and specialist advisers are engaged to ensure an intelligent client input and that future buildings facility and asset management arrangements are included in any considerations.
- 3.6 A summary of the current status of the RDD process is shown in the table below:

Reviewable Design Data Process Status – June 2017		
Organisation	Number	Status
Council	31	Total number submitted to date
	9	Approved to date
	18	Approved to date subject to comment / clarification
	2	Rejected
	2	Overdue
College	23	Total number submitted to date
	6	Approved to date
	12	Approved to date subject to comment / clarification
	0	Rejected
	1	Overdue
	4	Status not required

- 3.7 The 2 Council RDD's which are identified as overdue relate to:

- i. Lock suiting – it has been agreed, with Carillion Building, that this review will be revisited in September 2017. This delay will not have an impact on cost or programme.
- ii. External signage – a report is due to be presented to the Council’s Board on the 13 July and the Council’s Executive Cabinet on the 30 August 2017 in order to obtain formal approval to name the new Shared Service Centre. In addition this report will make recommendations for the addition of external high level signage to the Council and College buildings. As this is a new requirement, and not part of the original vision, there will be cost implications. If instructed, the signs will be retrofitted so will not impact on programme.

3.8 The 31 RDD’s, previously signed off by the Council, are now under review to identify whether the instructed layout changes have had an impact and establish whether further changes to the RDD’s are required.

Lease Negotiations

3.9 The Council’s Legal Services, Estates and Finance teams are coordinating negotiations on leases required with Tameside College, Wilkinsons, Department of Works & Pensions and NHS Tameside & Glossop Clinical Commissioning Group for their occupation of the new building.

3.10 The current status of the negotiations is shown in the table below:

Lease Negotiations Status – June 2017			
Organisation	Heads of Terms Agreed	Agreement for Lease completed	Lease Agreement completed
Tameside College	N/A	08/12/2016	June 2018
Wilkinson’s	N/A	09/02/2015	June 2018
DWP	Awaiting HOTs	Awaiting HOTs	June 2018
Single Commissioning Team	Legal have advised that HoTs are not required. A financial arrangement will be put in place.	Legal have advised that an Agreement for Lease is not required. A financial arrangement will be put in place.	Legal have advised that a Lease Agreement is not required. A financial arrangement will be put in place

Programme

3.11 The high level programme is shown in the table below:

High Level Programme – June 2017		
Phase	Milestone	Target Date
Construction Phase	Completion	15 June 2018
Recant Phase	Recant commences	June 2018
Recant Phase	Recant completes	September 2018

4. STREETScape IMPROVEMENT PROJECT

- 4.1 Following previous Council approvals, a Streetscape Improvement (previously described as public realm) project has been included within the scope and funding for the Vision Tameside Phase 2 programme. Concept designs were approved in October 2016 subject to detailed proposals and funding
- 4.2 Progress with the development of the Streetscape Improvement project to date has included:
- a) Project scope extended along Wellington Road up to Penny Meadow junction
 - b) Liaison with TfGM on proposed works around the new Interchange including street lighting and works required to the public highway under Section 278 of the Highways Act 1980
 - c) Liaison with Network Rail Liaison on changes to proposed works at Ashton Station and design of new station plaza and totem
 - d) Traffic modelling of key junctions completed
 - e) Topographical surveys completed
 - f) Ashton Ward members briefed on the emerging plans
 - g) Consultation plan developed to ensure that all relevant groups and stakeholders are fully consulted at each stage of the design process
 - h) Funding application submitted to the DfT for NPIF funding – June 2017
 - i) Detailed design to commence - July 2017
- 4.3 The funding package for the project relies on financial contributions from external sources including the GM Growth Fund Deals.
- 4.4 In the Autumn Statement 2016, the Government announced £490 million for the local roads element of the National Productivity Investment Fund (NPIF) for 2018/19 and 2019/20, to be allocated via a competitive bidding process.
- 4.5 The local roads element of NPIF is for schemes that will increase & rebalance productivity by relieving congestion & delivering upgrades to local roads and public transport networks.
- 4.6 Based on the size of the national funding pot (£490 million), and the fact that Greater Manchester might expect at least a 7% allocation (£34 million) based on population, it is proposed to develop a bid around a central planning figure of £50 million. The existing GM priority is for a series of major schemes leaving scope, however, to include a package of minor schemes.
- 4.7 As part of the Greater Manchester minor scheme considerations, Tameside will be submitting a bid for the “Streetscape” works along Wellington Road and Albion Way. Bids have to be submitted by the end of June. Bid funding is expected to be announced in Autumn 2017.
- 4.8 The current status of the funding package is as follows:

Estimated Costs	£
Proposed works Wellington Road (based on extended scope)	8,099,286
TMBC Confirmed Budget	2,631,000
Shortfall	5,468,286
TfGM funding (subject to further business case submission to TfGM) and potential DfT NPIF funding.	4,943,707
Current GAP in Funding	524,579

- 4.9 Previous reports have highlighted the fact that not all the public realm will be completed when the new Shared Service Centre opens in 2018. However, the Public Realm Task Group is currently developing a clear plan to ensure that the public realm interface provides suitable access to the new building.
- 4.10 The Task Group is also developing a phasing plan, in advance of the Greater Manchester minor scheme announcement in Autumn, to ensure that we have a fully developed project which is ready for delivery.
- 4.11 If the Council is unable to secure an appropriate funding package then the following options will need to be considered to ensure that this critical element of the Vision Tameside programme can be delivered:
- a) Reduce project scope
 - b) Further value engineering
 - c) Re-phasing and re-programming of works
- 4.12 A further report will be provided with recommendations once the final funding position for the project is established in the Autumn.

5. RECANT PLAN

- 5.1 A detailed Vision Tameside Recant Plan is currently being developed to form part of a wider Council Office Accommodation Strategy which will be implemented when the new Shared Service Centre is completed in summer 2018.
- 5.2 The following work has been completed to date to help develop an appropriate plan:
- a) Detailed review of the new building's design
 - b) Reconciliation of staffing numbers
 - c) Development of a set of principles to help inform the Council Office Accommodation Strategy and Vision Tameside Recant Plan
 - d) Development of an initial high-level Recant Plan and consequential requirements for staff accommodation in retained buildings
 - e) Development of a project plan
 - f) Recant principles and exclusions presented to the Single Commissioning Management team
 - g) Services have provided indicative staff numbers. This information will form the basis of a detailed service layout plan for the new building and will help develop the wider recant plan for all other council owned buildings.
- 5.3 The new Shared Service Centre has been designed to operate as a corporate 'Head Office' hub for the Council accommodating the Leadership team, Directorates, front of house services, dispersed administration and professional staff.
- 5.4 A detailed report on the Recant Plan will be provided for consideration in early September.

6. EMPLOYMENT AND SKILLS

- 6.1 Partnership work continues between Carillion and the Council's Employment and Skills team to maximise opportunities for local employment, apprenticeships, work placements and local supply chains.
- 6.2 One of the successful outcomes of the contract negotiations was the inclusion of specific Employment and Skills targets in the Design and Build contract.
- 6.3 A summary of the outputs achieved to date is show in the table below:

Employment and Skills Outputs – June 2017			
Activity	Target	Total Achieved	TMBC residents
Apprenticeships	30	9	8
Ready for work placements	50	15	12
Placements for education	0	1	1
Jobs created	20	24 / 19 sustained	23
Schools / young people engagement sessions	12	9	9
Site tours / stakeholders	0	92	91

7. FINANCIAL IMPLICATIONS

Fixture, Fittings and Equipment (FF&E)

- 7.1 An analysis of furniture, fittings and equipment, for all elements of the scheme, was completed as part of the Stage 2 submission. The original £1.5 million budget for the Council and partners had been confirmed to be sufficient at Stage 2.
- 7.2 The last report to the Strategic Planning and Capital Monitoring Panel, on the 13 March 2017, highlighted that the projected FF&E contribution, from the DWP and CCG, was anticipated to be £432,000. However due to negotiations still underway following design changes requested by the DWP this contribution is under review.
- 7.3 An FF&E warehouse visit, involving representatives from the various Vision Tameside Task Groups, took place on the 23 February 2017. The main aim of this informative visit was to review product selection contained within the Stage 2 submission and value engineer costs where appropriate, whilst still delivering Grade A office accommodation. Work is ongoing to conclude this process and the outcome will be reported at a future SPCMP meeting.

Variation Notices and Impact on Contingency Budget

- 7.4 The programme currently has a contingency allowance of £824,048. In addition to administering all Variations in line with Clause 15 of the Design and Build contract a robust internal process, agreed with Legal Services and Finance, has been implemented to ensure all costs are carefully monitored and there is transparency in the decision-making process thereby reducing the Council's financial risks.
- 7.5 The table below provides details of the Council's variation notices approved, since the last SPCMP report on the 13 March, with a total value of £119,765.

- 7.6 In addition the table also provides a summary of “other” costs which exceed the previously approved budget allowance. Additional virements are therefore requested from the contingency budget for these identified overspends to a value of £127,368.
- 7.7 In summary, the proposed variations, reduce the Vision Tameside Programme contingency budget from £824,048 to £696,680.

Variation Notices and Proposed Virements March 2017 to June 2017		
Variation Notice	Amount (£)	Details
COR 033	-£31,238	Change of floor finish specification to levels 00 and 01
COR 031 A	£94,108	Layout changes to levels 02, 03 and 04 excluding FF&E changes
COR 032A	£40,482	Layout changes to level 01 excluding FF&E
COR007	£4,441	Independent expert advice on Water Board façade condition
COR 025C	15,263.79	Design costs to change GA's on levels 01, 02, 03, 04
COR 019	£8,464	Power and data changes
COR 034	-£12,916	Omitting doors/ lobby to DWP demise and replace with emergency exit doors
COR 037	£1,340	High level illuminated signage – design costs.
LEP	£-180	Heritage consultancy advice for making good rear of Ashton Town Hall
Total required	£119,765	
Current Contingency	£824,048	
Less Additional Virement Requests		
Variations as above		- £119,765
Legal costs		-£7,603
Total variations		-£127,368
Remaining Contingency		£696,680

Financial Position

- 7.8 The current financial position for the Vision Tameside Phase 2 project is shown in the table below subject to a recommendation for approval of the virements proposed in Section 7.5.

Budget Heading	Approved Budget March 2017 (£)	Projected Budget June 2017 (£)	Requested Virements at June 2017
Total Demolition / Construction costs (including revised commercial offer and inflation contingency)	38,693,279	38,693,279	0
TMBC Furniture Budget	1,500,000	1,500,000	0
Approved Change Orders To Date	40,048	159,813	119,765
Additional Asbestos Costs (now included in total demolition / construction cost)	680,000	680,000	0
Total Demolition / Construction Costs	40,913,327	41,033,092	119,765
Less SFA grant	-4,000,000	-4,000,000	0
Cost paid by partners for furniture	-432,000	-432,000	0
2014/2015 Ryder Invoices	23,895	23,895	0
TMBC Construction Contingency (for dark ground)	50,000	50,000	0
Net Construction Costs	36,555,222	36,674,987	119,765
Decant / condition works	2,797,320	2,797,320	0
Co-op bank termination of lease	95,408	95,408	0
Programme Management	118,689	118,689	0
Fit out costs of temporary store re Early Lease termination – Wilkos	832,978	832,978	0
College Fixed Furniture and Equipment	850,000	850,000	0
Fit Out Costs - Early Wilko's Lease Termination	859,900	859,900	0
Public Realm Works	2,631,000	2,631,000	0
Document Scanning	250,000	250,000	0
Potential Loss of profits Wilko's	550,000	550,000	0
Legal Costs	115,229	122,832	7,603
IT Enablement	2,194,000	2,194,000	0
Programme Contingency	824,048	696,680	-127,367
Total	48,673,794	48,673,794	0

Funding

- 7.9 A Council Key Decision in October 2014 authorised the submission of a funding bid to the Local Growth Fund for a capital contribution towards the costs of the College's demise in the new building.
- 7.10 The Council received a formal funding agreement from the Greater Manchester Combined Authority, dated 13 September 2016, for £4,060,000.
- 7.11 Details of the grant claims submitted to date are shown in the table below.

Skill Funding Agency - Claims as at June 2017		
Claim Number	Amount of Claim	Status of Claim
1 (September 2016)	£850,565	Paid to the Council
2 (December 2016)	£1,060,661	Paid to the Council
3 (March 2017)	£221,976	Paid to the Council
Total claim to date	£2,133,202	

- 7.12 A condition of the funding agreement is that an independent Project Monitor is appointed to verify that all financial claims are accurate and that appropriate project management arrangements are in place to effectively manage a project of this scale. In addition, a quarterly quality check is carried out to validate progress on site. The feedback from the independent Project Monitor to date has been extremely positive with no issues to report.

8. RISK MANAGEMENT

- 8.1 The Vision Tameside Phase 2 programme has a comprehensive risk register and issues log which is pro-actively managed by the Project team. The primary risks associated with the proposals outlined in this report are shown in the table below.

Risk	Mitigation	Status
Financial	<ul style="list-style-type: none">Affordability confirmed against the Council's financial positionCosts within affordable financial envelopeValue for Money assurance from Stage 2 reviewRigorous change control procedure implementedIncome from subletting space	Red
Stakeholder	<ul style="list-style-type: none">Comprehensive communication strategy consistently delivers key messages regarding benefits	Green
Economic	<ul style="list-style-type: none">Economic benefits confirmed in stage 2 business case	Green
Service Delivery	<ul style="list-style-type: none">Flexible, fit for purpose accommodation for Council and partnersWorking Better Together to ensure office systems, technologies and recant strategy delivers exceptional service delivery	Green

9. CONCLUSION

- 9.1 Delivery of the Vision Tameside Phase 2 programme is key to the achievement of the Council's overall strategic priorities and a new exciting future for Tameside attracting new businesses, creating new jobs and future opportunities for Tameside Residents.
- 9.2 It is important that the outstanding lease negotiations are progressed urgently to provide certainty around projected income and FF&E contributions.
- 9.3 Careful monitoring of the construction programme is required to ensure no further slippage thereby ensuring that the building can be open for business in September 2018.
- 9.4 Budget monitoring is critical to the successful delivery of this project to ensure costs are contained within the budget envelope.
- 9.5 It is essential that the RDD's previously approved continue to be reviewed, as a matter of urgency, following the instruction to change floor plan layouts.
- 9.6 Improvement to the public realm is critical to the success of the Vision Tameside programme and although good progress continues to be made with the design of the scheme the delay in securing an appropriate funding package from external partners is putting the streetscape project at risk.
- 9.7 Following completion of the floor plan review the work to develop a detailed Recant Plan can now be progressed. Proposals will be the subject of a future report.
- 9.8 Continuing to maximise opportunities for local employment, apprenticeships and work placements is contributing to economic prosperity in the Borough.

10. RECOMMENDATIONS

- 10.1 As stated on the report cover.