

Report To:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date :	9 October 2017
Reporting Officer:	Robin Monk - Director, Place
Subject:	VISION TAMESIDE PHASE 2 PROGRESS UPDATE
Report Summary:	This report provides a progress update on project delivery, costs & 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:	<p>That the Panel consider the contents of the report and:</p> <ol style="list-style-type: none"> 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)	<p>The proposed budget variations and virements are all funded from within the existing approved budget for the Vision Tameside programme.</p> <p>The Streetscape improvement project current has a projected shortfall in the funding package. A further report will be provided with full recommendations to address this position, once the final funding position for the project is established in the Autumn.</p>
Legal Implications: (Authorised by the Borough Solicitor)	<p>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.</p> <p>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.</p> <p>The Strategic Planning and Capital Monitoring Panel report of 10 July 2017 reported a current funding deficit of £5,468,286. Section 4.8 of this report confirms that there remains a £4,943,707 deficit.</p> <p>The darkground issue is a misnomer and now the building is out the ground should no longer be a required contingency.</p>

A fully costed and understood and agree recant plan is an absolute priority to ensure that the Council deliver vfm and a balanced budget.

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 Ade Alao, Head of Investment and Development by:



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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 10 July 2017, good progress has continued to be 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
 - Upper floor slabs complete
- 2.2 Current works on site include internal fit out with first fix partitions and mechanical and engineering meaning some areas of the building are now substantially watertight.
- 2.3 Internal fit out is progressing ahead of programme, however progress of the façade has experienced delays in the last reporting period however this has not had a critical effect. A mitigation strategy is in place.
- 2.4 Overall the project is making good progress with the position against projected programme currently being maintained.
- 2.5 No dark ground has been identified to date.
- 2.6 Following the tragedy at Grenfell Tower on the 14 June 2017, 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.
- 2.7 The Council has received confirmation from the designers and constructors that no ACM cladding material will be used in the building. As a third level of assurance, the Council has commissioned an independent technical review to confirm that the specifications, method of construction and overall fire strategy proposed for the building do not pose unacceptable levels of fire risk. This report is expected to be received at the end of October 2017.
- 2.8 There have been no accidents in the period, however there has been 1 health and safety incident involving a member of staff requiring hospital treatment for a non-work related condition.
- 2.9 The latest independent external monitoring of the project for the Skills Funding Agency in June 2017 once again reported general satisfaction with the overall progress and financial

status of the project. A potential issue was raised regarding staining seen on a rain screen cladding sample panel. The contractor has been asked to provide a full response in order to assure the Council that there are no issues with this element of the building.

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.

Communications

- 3.2 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.
- 3.3 In addition a number of town centre retail marketing projects are being developed to help support retailers during and after work is complete.
- 3.4 A Council Members briefing was held on the 2 August 2017 in order to provide an update on the Vision Tameside project which included the emerging plans for Ashton Town Hall.
- 3.5 Council Members and the wider Leadership team attended a Vision Tameside event on the 18 September 2017. The purpose was to show case the new building, including visuals of the interior and typical office furniture, as well as provide a tour of the new building under construction.

Building Design and Scope

- 3.6 The overall scope and external fabric of the building has not changed since the last report.

Reviewable Design Data Process

- 3.7 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.
- 3.8 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.
- 3.9 There are a total of 34 Reviewable Design Data items to be reviewed for both the Council and College – the majority of which are now complete.
- 3.10 A number of Reviewable Design Data's, previously approved, are being revisited as a result of design change to floor plans or new requirements. These include access control, lock suiting, external signage, CCTV and external lighting.

Lease Negotiations

- 3.11 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.

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

Lease Negotiations Status – October 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	Agreed in principle August 2017	Legal process commenced.	
T&G CCG	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 no longer appropriate given the organisations have a single leadership team and will not be occupying a defined space. However, it will be necessary for a financial arrangement to be put in place as we would with any other function of the Council.

Programme

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

High Level Programme – October 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:
- Project scope extended along Wellington Road up to Penny Meadow junction
 - 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
 - Liaison with Network Rail Liaison on changes to proposed works at Ashton Station and design of new station plaza and totem
 - Traffic modelling of key junctions completed
 - Topographical surveys completed
 - 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 commenced - July 2017 due to completion by December 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 overall Greater Manchester minor scheme considerations, Tameside has bid for “Streetscape” type works along Wellington Road and Albion Way. Successful bids are 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 held within Vision Tameside	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 almost of the new public realm will not 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 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. RECAANT 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
- 5.3 An emerging Recant Plan was presented to the Single Commissioning Management team on the 24 January 2017 and 11 July 2017. The purpose of this presentation was to prompt discussion and obtain agreement to the principles and potential service exclusions to be applied to the development of a detailed Recant Plan.
- 5.4 Single Commissioning Management team have now identified staff to be accommodated in the new building and individual meetings with Executive Directors are being planned to help better understand the needs of individual services to help refine the plan.
- 5.5 The aim is to have a final fully costed Recant Plan available by the end of October 2017.
- 5.6 A comprehensive communication plan for staff will be implemented from January 2017.

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 – October 2017			
Activity	Target	Total Achieved	TMBC residents
Apprenticeships - existing	30	16	10
Ready for work placements	50	15	12
New entrants	25	25 / 18 sustained	18
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 10 July 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 ensuring Grade A office accommodation is delivered.
- 7.4 Work is ongoing to conclude this process and the revised FF&E costs for the Council and partners will be available in October. An update will be provided at a future meeting.

Variation Notices and Impact on Contingency Budget

- 7.5 The programme currently has a contingency allowance of £696,680. 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.
- 7.6 The last SPCMP report provided details of all variation notices approved, since the previous meeting on the 10 July 2017, with a total value of £119,765.
- 7.7 There have been further variation notices approved since the last report these are highlighted below.
- 7.8 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 £56,969.
- 7.9 In summary, the proposed variations, reduce the Vision Tameside Programme contingency budget from £696,680 to £639,711.

Variation Notices and Proposed Virements June 2017 to September 2017		
Reference	Amount (£)	Details
COR 038A	28,062	Library feature lighting
COR 042	41	Library workroom
COR 043	1,811	Changes to first floor layout
Total required	29,914	
Current Contingency	696,680	
Less Additional Virement Requests		
Variations as above		-29,914
Legal costs		-4,467
Other costs including recant		-22,588
Total variations		-56,969
Remaining Contingency		639,711

Financial Position

- 7.10 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 7.9.

Budget Heading	Approved Budget June 2017 (£)	Projected Budget September 2017 (£)	Requested Virements at September 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	159,813	189,727	29,914
Additional Asbestos Costs (now included in total demolition / construction cost)	680,000	680,000	0
Total Demolition / Construction Costs	41,033,092	41,063,006	29,914
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	36,674,987	36,704,901	29,914
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
Other costs including recant	0	22,588	22,588
Legal Costs	122,832	127,299	4,467
IT Enablement	2,194,000	2,194,000	0
Programme Contingency	696,680	639,711	-56,969
Total	48,673,794	48,673,794	0

Funding

- 7.11 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.
- 7.12 The Council received a formal funding agreement from the Greater Manchester Combined Authority, dated 13 September 2016, for £4,060,000.

7.13 Details of the grant claims submitted to date are shown in the table below.

Skill Funding Agency - Claims as at August 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
4 (June 2017)	£1,011,451	Paid to the Council
Total claim to date	£3,144,653	

7.14 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 position • Costs within affordable financial envelope • Value for Money assurance from Stage 2 review • Rigorous change control procedure implemented • Income from subletting space • Regular review of contractor's financial health • Adequate provisions in legal contract for the event of contractor's financial distress 	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 partners • Working 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 one outstanding lease is completed 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 Reviewable Design Data'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.