

Report To:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date :	27 November 2017
Reporting Officers:	Robin Monk - Director, Place
Subject:	VISION TAMESIDE PHASE 2 PROGRESS UPDATE
Report Summary:	This report provides a brief progress update on project delivery, costs & funding, delivery timescales and risks associated with the Vision Tameside Phase 2 Programme which 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 programme. 2. Notes the emerging risks associated with the delay with the installation of the curtain walling which is set out in Sections 3 and 8 of this report. 3. Notes the outcome of the recent National Productivity Investment Fund (NPIF) announcement which has an impact on the Streetscape Improvement project which is set out in Section 4 of this report. 4. Notes the financial position of the Vision Tameside Phase 2 project which is set out in Section 7 of this report and approves the virements requested in the table set out in Section 7.9 of the report. 5. Notes the excellent progress being made to drawdown the £4 million Skills Funding Agency Capital Funding which is set out in Section 7 of this report.
Links To Community Strategy:	Prosperous Tameside
Policy Implications	In line with approved policy
Financial Implications: (Authorised By The Section 151 Officer)	<p>The overall costs of the Vision Tameside programme include the development of the Shared Service Centre and the Streetscape Improvement project. The budget for the Centre must be contained within the overall net allocation of £48,673,794, which was approved in February 2015.</p> <p>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.</p> <p>It is important that regular monitoring of all expenditure budgets, value for money and inflation projections are maintained throughout the programme. It is also important 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. Additionally, there needs to be oversight of the variations as only those over £100k have to have approval of finance, so they need to be considered at the SPCMP</p>

Recant

It is currently proposed that all costs of recant will be met from the remaining contingency as no budget within the Vision Tameside funding envelope has been identified for this. A recant plan will be detailed in a further report.

The overall contingency of £619,711 is not a large amount considering the size of the project and therefore costs needs to be closely monitored.

Within the Skill Funding Agency (SFA) grant awarded there is £60,000 which will be utilised in the administration of the grant this needs to be closely monitored.

Streetscape Investment Project

The current estimated costs of Streetscape Improvement project are identified in section 4.

Within the Shared Service Centre funding envelope, £2,631,000 has been allocated to Streetscape. The revised capital programme includes an element for Ashton Gateway of £1,500,000 it is proposed that this is included within the funding for the Streetscape investment project and the funding has been updated at paragraph 4.8. There is still a considerable shortfall as identified within the report. The project will need to be scaled back to keep within the existing funding envelope.

Legal Implications:

(Authorised by the Borough Solicitor)

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. Section 4.8 of this report confirms that there remains a £2,605,509 deficit, which has been reducing.

There can no longer be a darkground issue given the building is out the ground and therefore should no longer be a required contingency. The LEP should be contacted on this basis so the monies set aside for such an eventuality can be reallocated elsewhere. (2.3).

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

The final agreement for lease to be agreed is with the DWP and it is anticipated this will happen soon.


The report states at para 8.1 that the financial risk for the project is red no explanation is provided as to why or importantly what additional controls have been put in place to manage.

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 brief 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 9 October 2017, good progress has continued to be made with key elements of the Programme as set out below.
- 1.4 It should be noted however that there are new emerging risks associated with certain elements of the programme. Although not currently on the critical path, these emerging risks need to be monitored closely to prevent delay with completion.

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 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
 - Drainage and ground works complete
- 2.2 The current activities driving the progress position are partitions and mechanical and engineering 1st and 2nd fix to the Council and College blocks all of which are on programme.
- 2.3 No dark ground has been identified to date.
- 2.4 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.
- 2.5 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 in the next few weeks.
- 2.6 There has been no health and safety accident or incident since the last report to SPCMP.

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.
- 3.2 The Council has also recently appointed and experienced Independent Client Adviser to support the critical stages leading to completion and handover of the Vision Tameside Phase 2 building.

Communications

- 3.3 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.
- 3.4 In addition a number of town centre retail marketing projects are being developed to help support retailers during and after work is complete.

Building Design and Scope

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

Reviewable Design Data (RDD) Process

- 3.6 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.
- 3.7 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.
- 3.8 There are a total of 34 RDD items to be reviewed for both the Council and College – the majority of which are now complete.
- 3.9 A few RDD's, previously approved, are now being revisited because of changes to floor plans or new requirements. These include access control, lock suiting, external signage, CCTV and external lighting. Good progress is being maintained with completing these.

Lease Negotiations

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

Lease Negotiations Status – November 2017			
Organisation	Heads of Terms Agreed	Agreement for Lease completed	Lease Agreement to be completed on completion of scheme
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 instructed September 2017 and continuing appropriately	June 2018
Single Commissioning Team	Legal Services has advised that HoTs are not required. A financial arrangement will be put in place.		

Programme

- 3.12 The high-level programme, previously reported, is currently reported by the contractors as being on target and is shown in the table below:

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

- 3.13 The contractor is reporting that the project remains on programme against the contract programme.
- 3.14 The current construction programme however identifies a six-week delay with the curtain walling.
- 3.15 Although this work is not currently on the critical path the building should be watertight by this time in the programme.
- 3.16 Concerns regarding water ingress have been raised in two separate Independent Certifiers reports issued at the end of October.
- 3.17 A detailed review of the programme is underway and the contractor has been requested to provide a Recovery Plan to provide assurance that the overall project programme is not compromised by the delay in curtain walling works.

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 Previous SPCMP reports have provided regular reports on the progress to develop this project and the gap in funding have been highlighted.
- 4.3 At the last meeting on the 9 October it was reported that the Council was awaiting the autumn statement funding announcement from government on National Productivity Investment Fund in order to determine if the full project could be delivered or whether we needed to de-scope or consider delivering the scheme in phases.
- 4.4 The Department for Transport made their announcement on the 19 October 2017 and the NPIF bid for the Streetscape Improvement project was unsuccessful in attracting funding.
- 4.5 76 projects from across the country were awarded funding totaling £244 million.
- 4.6 Greater Manchester had submitted a bid for £45.7 million across 11 schemes, which

included the Streetscape Improvement project, and only two were successful - the A560 Cheadle Corridor Improvements and Mancunian Way/Princess Parkway Junction improvement.

4.7 Following the announcement work has now commenced to progress the development of the project in line with the confirmed funding and continue to bid for additional funding as and when they become available.

4.8 The current status of the funding package is as follows:

Estimated Costs	£
Proposed works Wellington Road (based on extended scope)	8,109,286
TMBC confirmed budget held within Vision Tameside	(2,631,000)
TMBC confirmed capital programme for Ashton Gateway	(1,500,000)
Shortfall	3,978,286
TfGM approved in principle (subject to final business case submission)	(1,372,707)
Total Gap in Funding	2,605,579

4.9 Based on the finances available the Vision Tameside Public Realm Task Group has considered the following options and recommends that we now proceed on the basis of Option 4.

Option No.	Option	Description
1	Do nothing	This is the reference case scenario where the project is scaled back to merely provide access and servicing to the VTP2 building. Improvement to the public realm is critical to the success of the Vision Tameside programme. £5.2m is available to towards delivering the project objectives and realise the benefits.
2	Reduce project scope	This option will reduce the project scope to be deliverable within the confirmed funding. However, this is not feasible as the project only works from a place making and traffic management perspective if delivered in whole.
3	Further value engineering	While there is some limited scope for further value engineering, high quality public realm has been delivered already in Ashton Market Square and outside Clarendon College, it is essential that the same quality pallet of materials is applied throughout the area to ensure a cohesive appearance is achieved.
4	Re-phasing and re-programming of works	This option entails committing to prioritising works around the new VTP2 building, completion of Market Square, Wellington Road and outside Clarendon College which is affordable within the

		current funding. This will realistically take up to 2 years to complete which provides the opportunity to bid for additional funding for the works outside the new Tameside Transport Interchange and along the Ashton Northern bypass up to Penny Meadow.
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- 4.10 It should be noted that the recommendation to phase the delivery of the wider public realm works does not affect the programme to deliver works within the boundary of the new Shared Service Centre. These works are part of the Vision Tameside contract and will be delivered by the Council's Environmental Services team to ensure consistency with the wider works as they are delivered.
- 4.11 Previous reports have highlighted that most of the new public realm, around the new Shared Service Centre, will not be fully complete when the building opens in 2018. A clear plan has been developed, however, to ensure that the new building is fully operational and accessible when it opens.
- 4.12 A further report will be provided at a future meeting with details of a recommended phasing plan.

5. RECENT PLAN

- 5.1 A detailed Vision Tameside Recent 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:
- Detailed review of the new building's design
 - Reconciliation of staffing numbers
 - Development of a set of principles to help inform the Council Office Accommodation Strategy and Vision Tameside Recent Plan
 - Development of an initial high-level Recent Plan and consequential requirements for staff accommodation in retained buildings
- 5.3 The aim is to have a final fully costed Recent Plan available by January 2018.
- 5.4 A comprehensive communication plan for staff will be implemented from January 2018.

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 – November 2017			
Activity	Target	Total Achieved	TMBC residents
Apprenticeships – new /existing	30	17	11
Ready for work placements	50	19	16
New entrants	25	25 / 19 sustained	24
Schools / young people engagement sessions	12	15	15
Site tours / stakeholders	0	93	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 SPCMP, on the 9 October 2017, highlighted that the projected FF&E contribution from the DWP and CCG was anticipated to be £432,000. This figure is currently under review due to design changes which have been requested by DWP and potential changes to the recant plan. These discussions and financial review are nearing completion and an update will be provided at a future meeting.
- 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 the 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 to value engineer costs is now almost complete and the conclusion of this process will be reported at a future meeting.

Variation Notices and Impact on Contingency Budget

- 7.5 The programme currently has a contingency allowance of £639,711.
- 7.6 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. The list of variations will be provided as part of the monitoring to Strategic Planning and Capital Monitoring Panel.
- 7.7 Details of change orders approved and impact on the contingency budget will be reported at the next SPCMP meeting on the 12 March 2018.
- 7.8 If the virements are approved in the table below this will reduce the contingency to £619,711.

Financial Position

7.9 The current financial position for the Vision Tameside Phase 2 project is shown in the table below.

Budget Heading	Approved Budget October 2017 (£)	Projected Budget November 2017 (£)	Requested Virements at November 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	189,727	189,727	0
Additional Asbestos Costs (now included in total demolition / construction cost)	680,000	680,000	0
Total Demolition / Construction Costs	41,063,006	41,063,006	0
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	36,704,901	36,704,901	0
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	138,689	20,000
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	22,588	22,588	0
Legal Costs	127,299	127,299	0
IT Enablement	2,194,000	2,194,000	0
Programme Contingency	639,711	619,711	-20,000
Total (corporate funding)	48,673,794	48,673,794	0
Additional funding for street scape improvement project			
Ashton Gateway Project (corporate funding)		1,500,000	
TfGM funding (approved in principle subject to final business case)	1,149,345	1,149,345	
Total funding available	49,823,139	51,323,139	

Funding

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 move into 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 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
5 (September 2017)	£411,768	Submitted to GMCA
Total claim to date	£3,556,421	

- 7.12 A condition of the funding agreement is that an independent Project Monitor is appointed to verify that good progress is being maintained with project delivery, 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 in terms of the management of the project.
- 7.13 The potential risk to the programme, due to delays with the curtain walling, was however raised for the first time following the site visit on the 23 October 2017.

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. The new emerging risk, associated with the construction programme, has been added and will continue to be monitored closely.

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• Recovery plan to minimise risk of project delay	Red

	<ul style="list-style-type: none"> Contingency plan to avoid delay with College opening in September 2018 	
Stakeholder	<ul style="list-style-type: none"> Comprehensive communication strategy consistently delivers key messages regarding benefits Transparent communication with key stakeholders to minimise reputational risks in the event of project delay 	Amber
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 programme implemented 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 agreement for lease 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 delay to project completion by June 2018 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 following TfGM's funding announcement on the 19 October 2017 it is important that project development is progressed based on a phased approach to delivery and that funding opportunities continue to be accessed as they become available.
- 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.