

Report To: EXECUTIVE CABINET

Date : 16 December 2015

**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 AND STAGE 2 APPROVAL

Report Summary: The Vision Tameside Phase 2 project has now reached the end of Stage 2 and formal governance is required to progress the project to financial close and contract award. January 2016 is the target date for the Council to award the Design and Build contract to the Tameside Investment Partnership to avoid significant adverse impacts on project cost and delivery timescales.

This report provides a further update, following consideration at the meeting of the Strategic Planning and Capital Monitoring Panel on 30 November 2015, on project development, costs, delivery timescales and key risks which require careful consideration prior to a Council commitment to the project and programme.

The following additional information has become available which has led to a revision of the recommendations from Strategic Planning and Capital Monitoring Panel:

- Receipt of the final reports of the Stage 2 Cost Plan Review and Strategic Business Case;
- Further progress made with the commercial negotiations with the LEP;
- An updated assessment of the risks to the Council.

The report recommends approval for the necessary steps to progress the project to financial close and contract award. It further recommends approval of programme governance arrangements to provide robust direction and oversight throughout the delivery phase.

Recommendations: Executive Cabinet is recommended to agree the following:

- i) Note the update on design development, the timetable for development and the comments on Value for Money, financial implications, legal implications and key risks as outlined in this report;
- ii) Note the draft Stage 2 Cost Plan Review report prepared by the Sweett Group (**Appendix A**) which confirms that the Stage 2 cost plan price is considered reasonable and provides an acceptable level of value for money but recommends further negotiation in specific areas to achieve better value for money.
- iii) Accept the draft Stage 2 submission by the Tameside Investment Partnership (**Appendix B**) in respect of the Vision Tameside Phase 2 building subject to further negotiation;

- iv) Approve the payment of the costs incurred in reaching Stage 2 of £1M to the Tameside Investment Partnership.
- v) Note the draft Stage 2 Strategic Business Case prepared by Genecon (**Appendix C** – to follow) which confirms that the project is supported by a compelling case for change, represent best public value, is commercially viable, affordable and achievable;
- vi) Approve the virements as set out in table 1 of this report.
- vii) Authorise the Executive Director (Place), in consultation with the Executive Director (Governance & Resources), to further negotiate and agree detailed project scope, technical terms and commercial terms set out in the Stage 2 submission prior to financial close and contract award subject to the price not exceeding the budget of £41,196,080.
- viii) Authorise the Executive Director (Place), in consultation with the Executive Director (Governance & Resources), to approve the final Tameside Investment Partnership Stage 2 submission in respect of the Vision Tameside Phase 2 building;
- ix) Authorise the Executive Director (Place), in consultation with the Executive Director (Governance & Resources) to award the Design and Build contract for the works for the construction of the Vision Tameside Phase 2 building conditional upon the contract sum not exceeding the budget of £41,196,080 and no significant increase in the risk allocation to the Council before financial close.
- x) Approve the establishment of the Vision Tameside Project Board and the draft Terms of Reference (**Appendix D**).

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 must be contained within the overall net budget of £48,673,794, which was approved in February 2015.

Contingency provisions were made for construction and overall programme related cost pressures as part of this budget allocation.

The programme has now progressed to Stage 2 and firmer costs have been determined, in respect of the demolition and construction programme, based on an a contract award by the end of January 2016, subject to a smaller number of risks relating to ground conditions, furniture fittings and equipment for the Council and the College, the Ashton Town Hall façade.

As anticipated, there have been a number of variations to costs originally projected that now require approval if the programme is to progress. These are outlined in Section 4 of this report.

A value for Money report has been received which has highlighted that there is still scope for the Stage 2 construction costs to be reviewed. This needs to be done as a matter of urgency to allow any further reductions in costs to be made and therefore to allow the programme contingency to be reassessed.

A key cost risk to the programme is not achieving contract award in January 2016, as this will impact on the amount of inflation underwritten and also revenue budget impacts due to loss of rent from the new tenants and the potential need to extend the rental of some of the decant properties.

However, some elements of the programme, including decant and lease terminations now have firm costs and the scanning and IT costs have been re-scoped but not yet finally confirmed.

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

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 the agreement for lease and lease with the college, CCG and JCP are completed as soon as possible so that the capital and revenue implications of the programme can be confirmed.

**Legal Implications:
(Authorised By The Borough
Solicitor)**

It is important with a project of this size that there are clear governance and lines of reporting and accountability in place to ensure that the project stays within budget. The costs need to be locked down as soon as possible through contracts with the TIP as soon as possible particularly to manage the risk of inflation. The agreement for lease and lease with the college, CCG and JCP need to be completed as soon as possible so that the capital and revenue implications of the programme can be confirmed and to reduce /manage the risk of scope creep and consequent costs. This is particularly important if we intend to use income to support further capital expenditure.

There needs to be some clear understanding of the costs of the Public Realm and costs of work required to the Town Hall which are not addressed in this report.


Risk Management:

The key risks, impact and mitigation proposed are included in the report at Section 5.

Access To Information:

Appendices A, B and C to this report are not for publication because they contain exempt information falling within paragraphs 3 and 5 of Schedule 12A to the Local Government Act 1972. Information relating to the financial or business affairs of the parties (including the Council) has been provided to the Council in commercial confidence and its release into the public domain could result in adverse implications for the parties involved. Disclosure would be likely to prejudice the Council's position in negotiations and this outweighs the public interest in disclosure. In conclusion, whilst the public interest in releasing this information is significant in terms of facilitating scrutiny of public expenditure, the public interest in maintaining the confidentiality of the information outweighs the public interest in releasing it.

Other 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 Vision Tameside Programme is at a critical stage of development as the Council is due to enter into a Design and Build contract with the Tameside Investment Partnership in January 2016.
- 1.2 Failure to achieve this key milestone will seriously jeopardise the ability to deliver the Programme within budget and to timescale.
- 1.3 However, prior to entering into the contract, it is essential that Executive Board is made aware of the latest position on project development, costs, delivery timescales and key risks which require careful consideration prior to a Council commitment to the project and programme.
- 1.4 A Stage 2 Cost Review has now been completed by the Sweett Group. The Final Strategic Business Case has also been completed by Genecon.
- 1.5 The Council Executive Cabinet took a Key Decision on 4 February 2015, to:
 - a. Note the Strategic Business Case, which has been reviewed and consolidated by Genecon (Appendix 1) which confirms that there is a sound Strategic, Economic and Commercial Business Case for the proposed development of the Vision Tameside programme. A return of £4 for the benefit of the Borough for every £1 invested in the project over 30 years has been projected;
 - b. Note and agree to the planned and completed investment in the retained civic buildings in Audenshaw, Denton, Droylsden, Hattersley, Hyde, Dukinfield, Mossley, Stalybridge, in addition to the plans for Ashton Town Centre;
 - c. Accept the Stage 1 submission in respect of the Vision Tameside Phase 2 building and procure the required extended design and planning work to develop the Stage 2 submission, through the TIP at a projected cost of £1,078,949 and authorise Borough Solicitor to incur external fees to enter into contracts;
 - d. Authorise the Borough Solicitor to enter into an agreement to surrender the current lease with Wilkinsons, and an agreement for lease for the retail unit within the redeveloped Vision Tameside Phase 2 building on the terms on the terms acceptable to the Council and as outlined in the report;
 - e. Authorise the Borough Solicitor to enter into an agreement to surrender the current lease with the Co-operative Bank plc on the terms acceptable to the Council and as outlined in the report;
 - f. Authorise the Borough Solicitor to enter into an agreement for lease with the College on the terms acceptable to the Council and as outlined in the report with the fundamental underlying principle that the College meets all the costs associated with the occupation of the new building for their 30 year lease including all maintenance and running costs for their share;
 - g. Procure the demolition of the current TAC building and enabling works at an estimated cost of £3,361,863, through the TIP;
 - h. Authorise the Assistant Executive Director, Asset and Investment Partnership Management to negotiate an agreement for lease with the College, Clinical Commissioning Group, Job Centre Plus and other partners; and
 - i. Approve the allocation of additional capital and revenue budget to ensure that the project is fully resourced, and this be included within the revised budget for 2014/2015, and the budget report for 2015/16 and 2016/17 that will be considered at Council on 24 February 2015.
- 1.6 The Strategic Planning and Capital Monitoring Panel considered a progress update report

on 30 November 2015 and recommended approval to:

- a. Accept in principle Stage 2 proposal on condition that the LEP provide confirmation that the project represents value for money, and authorise the payment of the Design and Development Fees to bring the project to Phase 2 of £1,000,000. These costs are all included within the overall budget for the project;
- b. Approve the virement as requested; and,
- c. Authorise the Executive Director for Place in conjunction with the Borough Solicitor to negotiate and agree a design and build contract for the Vision Tameside Phase 2 building.

1.7 Additional information has become available since the meeting of the Strategic Planning and Capital Monitoring Panel on 30 November. This has led to a revision in the recommendations contained in this report for the following reasons:

- Receipt of the final reports on the Strategic Business Case and Value for Money Review;
- Further progress made with the commercial negotiations with the LEP;
- An updated assessment of the risks to the Council.

1.8 This report provides a further update on project development, costs, delivery timescales and key risks which require careful consideration prior to a Council commitment to the project and programme. The report recommends approval for the necessary steps to progress the project to financial close and contract award. It further recommends approval of programme governance arrangements to provide robust direction and oversight throughout the delivery phase.

2. VISION TAMESIDE PHASE 2 PROGRESS UPDATE

2.1 A detailed update on the physical progress made to date was provided to the meeting of the Strategic Planning and Capital Monitoring Panel on 30 November 2015. Further progress has been made with key elements of the Programme including:

- Vodafone – All equipment have now been removed from TAC following lease termination. A temporary mast has been erected in the Union Street car park pending Vodafone installing at their new site on James Howe Mill. This is due to be completed by 27 December. Following the strategic purchase of the Mill by the Council and the completion of a new VF Lease, terms have been agreed to sell-on the building at £205,000, which is £5,000 more than the price that the Council paid.
- Asbestos – the further identification of asbestos in the TAC building, which had not been indicated in previous site investigation reports, has had a significant impact on the demolition programme and could potentially increase costs to the Council. The demolition contractor is currently removing the asbestos at risk and the LEP has submitted a compensation event claim which is included in the Stage 2 submission. However further negotiation is ongoing to reach agreement on the allocation of liability for the additional costs under the terms of the Strategic Partnering Agreement.
- Demolition strategy – following an internal review of the demolition methodology, the structure is now being demolished using a mixture of small, medium and high reach mechanical excavators and deconstruction. This has resulted in some time saving in the demolition programme.
- Design discussions are nearing completion with the College, Job Centre Plus (JCP) and the Clinical Commissioning Group (CCG) however it is imperative that commercial

negotiations make sufficient progress to ensure Heads of Terms can be agreed prior to the award of the Design and Build contract planned for 29 January 2016.

- The scope of the building has not changed and remains as approved – it should be noted however that Stage 2 designs have yet to be signed off by the College so any further requests for design changes that could have an impact on the overall project costs would need to be met in full by the College.
- The designs which have been agreed form the basis of the Stage 2 cost report and represent the basis of the construction contract. In order to deliver the works within the funding envelope the following value engineering items have been approved since the Stage 1 report:
 - Window reveals and cill detailing
 - Reduced internal glazing
 - Different attenuation solution
 - Internal floor finishes / internal doors– reduced specification
- Any further changes to the design or the specification following approval of the Stage 2 report is likely to incur further costs. Some change is inevitable given we are two and half years away from moving into the new building and for this reason it is essential that we can demonstrate adequate contingency.
- The analysis of furniture, fittings and equipment, for all elements of the scheme, has been completed as part of the draft Stage 2 submission which was received on 19 October 2015. The original £1.5 million budget for the Council and partners has been confirmed to be sufficient at Stage 2. £287,000 of these costs is earmarked to be recovered from JCP and CCG, for bespoke elements, subject to completion of negotiations on their respective leases.

3. PROGRAMME

3.1 The programme for Vision Tameside Phase 2 has been updated:

Phase	Milestone	Target Date as of December 2015
Design Stage	Stage 1 design	Achieved
Design Stage	Stage 2 design submission for Planning	Achieved
Decant Phase	TAC vacated	Achieved
Decant Phase	Retail vacated	Achieved
Planning Approval and Listed Building Consent	Approval granted	Achieved
Demolition and Enabling Phase	Start separation works from Ashton Town Hall	July 2015
Demolition Phase	Demolition starts	17 August 2015
Stage 2 Costs	Approval	November 2015
Contract Negotiation	Financial close	January 2016
Future Use of ATH	Feasibility study complete	February 2016
Construction Phase	Construction phase starts	May 2016

Construction Phase	Completion	March 2018
Recant Phase	Recant commences	April 2018
Recant Phase	Recant completes	September 2018

3.2 The Programme is currently eight weeks behind the original schedule owing to the need to remove asbestos but it is expected that this can be reduced to three weeks due to the introduction of a new demolition methodology. The revised completion date for the construction of the new building is currently March 2018 with recant and occupation completed by September 2018.

4. FINANCIAL IMPLICATIONS

4.1 The projected costs of the Vision Tameside Phase 2 Programme have been reported throughout the project. The Stage 2 submission has been received and an initial value engineering exercise was undertaken by the Council, the TIP and Carillion Building.

4.2 There is still significant work to be undertaken to contain the project costs within the original budget. However, any delay with a decision on the Stage 2 proposal, could have a negative impact on costs and time for the construction programme.

4.3 It is therefore proposed that the virements indicated in **Table 1** below, is approved, in order to allow the Programme to progress and mitigate the impact of any increased costs due to inflation or programme delay.

Table 1

Budget Heading	Projected Costs May 2015 £	Projected Costs Stage 2 December 2015 £	Requested Virements at December 2015 £
Construction/Demolition	35,049,251	36,694,792	1,645,541
TMBC Furniture Budget	1,500,000	1,500,000	0
Inflation Contingency	2,642,327	2,294,291	-348,036
Total Construction Costs	40,132,894	40,489,083	1,297,505
Additional Asbestos Removal Claim 1 & 2		706,997	706,997
Total	40,132,894	41,196,080	2,004,502
Less SFA grant	-4,000,000	-4,000,000	0
Cost paid by partners for furniture		-287,000	-287,000
TMBC Construction Contingency	941,316	250,000	-691,316
Net Construction Costs	36,132,894	37,159,080	1,026,186
Other Programme Costs - Confirmed			
Decant / condition works	2,824,452	2,764,452	-60,000
Co-op bank termination of	100,000	100,000	0

lease			
Programme Management	100,000	100,000	0
Fit out costs of temporary store re Early Lease termination – Wilkos	850,000	832,978	-17,022
Other Programme Costs – To Be Confirmed			
College Fixed Furniture and Equipment	300,000	300,000	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	500,000	250,000	-250,000
Potential Loss of profits Wilko's	550,000	550,000	0
Legal Costs of Construction Works	50,000	50,000	0
IT Enablement	2,194,000	2,194,000	0
Programme Contingency	1,581,548	882,384	-699,164
Total	48,673,794	48,673,794	0

- 4.4 One element of additional revenue funding that has not been taken into account is the projected £130,000 rental income from the proposed CCG and JCP tenancies. This income would effectively support the revenue costs of supporting an additional, £1.3 million capital expenditure, however this should be considered against the need to meet further revenue budget reductions in 2018 and future years.
- 4.5 **Table 2** below provides a summary of the status of the **non-confirmed** Stage 2 costs and the associated risks for each. This table is based on the assumption that the virements proposed in **Table 1** are approved.
- 4.6 These risks, along with the proposed mitigating actions, need careful consideration in order to safeguard the Programme and ensure it can be delivered within the overall net budget of £41,196,080 for the construction project and £48,673,794 for the overall programme prior to entering into contract with the Tameside Investment Partnership on the 29 January 2016.

Table 2

Budget Heading	Projected Stage 2 Costs November 2015 £	Risk / Mitigating Action
Construction/ Demolition includes Stages 1 to 2 fixed inflation	36,694,792	<p>i. Risk</p> <p>This cost <u>does not</u> include:</p> <ul style="list-style-type: none"> • Additional asbestos removal Claims 1 and 2 of £706,997 • Design changes (the College have yet to sign off the Stage 2 designs) • Additional works required to Ashton Town

		<p>Hall</p> <p>ii. Mitigating Actions</p> <ul style="list-style-type: none"> • Negotiation on allocation of liability for additional asbestos removal cost to be concluded by mid-January 2016. • Design freeze and lease negotiations to be completed by mid-January 2016. • Carillion have confirmed that no additional costs are anticipated when the TAC is detached from the Town Hall.
TMBC Furniture	1,500,000	<p>i. Risk</p> <ul style="list-style-type: none"> • Provisional sum of £1.5m allocated but this includes £287k contribution for CCG and JCP furniture. Lease negotiations scheduled to start on the 6 January 2016. <p>ii. Mitigating Actions</p> <ul style="list-style-type: none"> • Lease negotiations being accelerated to reach agreement by mid-January 2016. • Consideration of the use of a limited amount of high quality legacy furniture.
TMBC Construction Contingency (fixed based on contract closed in January 2016)	250,000	<p>i. Risk</p> <ul style="list-style-type: none"> • Potential dark ground conditions under TAC cannot be investigated until ground floor slab is broken which will be after the contract award date. <p>ii. Mitigating Actions</p> <ul style="list-style-type: none"> • The TIP has advised that a contingency budget of £250k is likely to be sufficient due to intrusive testing not identifying any significant issues to date.
Contingency Inflation (to mid-point 2017 from Stage 2)	2,294,291	<p>i. Risk</p> <ul style="list-style-type: none"> • TIP have confirmed that they will fix the Council's risk to inflation at £2.294m but only on the basis that contracts are signed in January 2016. If this target date is not achieved then inflation costs could increase by £606k. <p>ii. Mitigating Actions</p> <ul style="list-style-type: none"> • Agree a forward plan to ensure the contract is signed on time subject to key decision. • Sweett Stage 2 Cost Review indicates scope to negotiate a further reduction in inflation of up to £270,286.
Wilko's – fit out costs of temporary store and early lease termination	832,978	<p>I. Opportunity</p> <ul style="list-style-type: none"> • No additional expenditure expected.
Wilko's – fit out costs	859,900	<p>I. Opportunity</p> <ul style="list-style-type: none"> • Potential for a reduction in fit out costs due to smaller size.
College – fixed furniture and equipment	300,000	<p>I. Risk</p> <ul style="list-style-type: none"> • It is anticipated that the FF&E costs will be significantly higher than the £300k budget provision. <p>i. Mitigating Actions</p>

		<ul style="list-style-type: none"> Negotiations ongoing with the College with a target date for completion of mid-January.
Public Realm	2,631,000	<p>i. Risk</p> <ul style="list-style-type: none"> Projected costs currently exceed budget due to the scope of the project being extended to maximise impact and improve connections between new developments and transport facilities. <p>ii. Mitigating Actions</p> <ul style="list-style-type: none"> Funding package being developed to ascertain if third party contributions can be secured – report to Board in February 2016. Reduce project scope.
Document Scanning	250,000	<p>i. Risk</p> <ul style="list-style-type: none"> Document scanning now complete within this programme with recommendation for virement of remaining budget. <p>ii. Mitigating Actions</p> <ul style="list-style-type: none"> No further action required within this programme.
TMBC Legal Costs of Construction Works	50,000	<p>i. Risk</p> <ul style="list-style-type: none"> Costs exceed budget. <p>ii. Mitigating Actions</p> <ul style="list-style-type: none"> Obtain accurate estimates and use in-house legal services where appropriate.
IT Enablement	2,194,000	<p>i. Risk</p> <ul style="list-style-type: none"> Budget may not be sufficient to address the scope of the project. Recant Strategy not yet fully developed therefore ICT Enablement project cannot be scoped and costed fully. <p>ii. Mitigating Actions</p> <ul style="list-style-type: none"> ICT Enablement project scoping and costing progressed and managed within the available budget.
Programme Contingency	£882,384	<p>i. Risk</p> <ul style="list-style-type: none"> Programme contingency reduced to £882,384 which might be insufficient given the outstanding scale of risks and uncertainty with the programme. We are aware that a College FF&E will be a principal call on this contingency. <p>ii. Mitigating Action</p> <ul style="list-style-type: none"> Robust monitoring to ensure that overall programme is managed within the available budget.

5. RISKS

5.1 The risk profile for the construction project and overall programme has been reviewed throughout the Stage 2 process. As with all major projects at this stage there are a number

of significant risks that need to be managed and mitigated as the Programme develops. A summary of the high level risks can be found in **Table 3** below.

- 5.2 A key cost risk is not achieving contract award in January 2016, as this will impact on the commercial offer in the Stage 2 submission and also revenue budget impacts due to loss of rent from the new tenants and the potential need to extend the rental of some of the decant properties.
- 5.3 However the need to achieve contract award by January 2016 needs to be balanced by the significant risks associated with the Programme in terms of unknown costs and changes to the design of the building.

Table 3

Risk	Potential Impact	Mitigation
Inflation	Increase in construction costs beyond funding levels approved in the capital programme.	The TIP have confirmed that they will fix the inflation on the project at £2.294 million based on the criteria of signing a contract for the construction of the new building in January 2016, no further design changes and increase in scope.
Increase in scope / design changes	Increase in time and cost	CCG and JCP areas have been agreed. Remaining risk relates to the college and council areas. A benchmark has been included within the proposed stage 2 proposal for the design and furniture of all areas. Change control procedures will be carefully managed throughout the remaining design and construction programme.
Insufficient funding available to complete all aspects of the Programme.	Elements of the programme not completed or fully funded	The programme is subject to close monitoring to ensure that overall costs are contained within the overall approved budget. The main packages of work for the new building have been tendered by the TIP and Carillion building to give a more accurate projection of costs at Stage 2. The main element to agree is the furniture fittings and equipment support or the college element of the new building.
Insufficient contingency budget for scale and complexity of the Programme.	Actual contingency exceeds the allowance.	Commercial negotiations ongoing with the LEP to identify further savings to release to contingency budget.
Programme delay	Delay in completing the construction project by March 2018 and recant by September 2018	Establishment of project board to provide robust direction and oversight.
Identification of additional asbestos in the TAC building following intrusive pre demolition surveys	Increase in cost and potential delay in programme.	The evaluation of the additional surveys has been completed, options to mitigate delay in programme are being progressed. An initial compensation claim for £706,997 is being negotiated with the LEP.
Dark ground conditions	Increase in cost and	Trial bore holes have not revealed any

	delay in programme	significant issues. A construction contingency of £250,000 has been provided.
Failure to sign the building contract with the TIP in January 2016	Increase in cost due to inflation and additional decant location rentals and delay in construction completion	Early approval of Stage 2 proposals and negotiation in respect of the new building.
Agreement for lease not reached with key tenants prior to contract award target date of January 2016	Increase in scope and cost.	Lease negotiations now commenced.
Works to the retained Ashton town Hall	Increase in cost and potential delay in programme.	The separation undertaken so far has revealed that there is a cavity between the TAC and Ashton Town Hall building which minimises the risks of additional costs.
Reduction of footfall during construction	Reduction in trade for local shops and businesses.	A shop locally loyalty scheme has been launched and shop local campaigns will be undertaken. The additional staff and students moving into Clarendon College are reported to have a positive impact on retail activity.
Reputation and public perception as Planning was supported before proving affordability	Confidence in project reduced, negative publicity	Joint Communications Plan with Tameside College and Retail Tenants.
VAT	Increase in cost through irrecoverable VAT expenditure	Consultation with VAT specialist advisers in order to mitigate future risks throughout the project.

6 STAGE 2 COST REVIEW

- 6.1 A Stage 2 Cost Review was commissioned from the Sweett Group (specialist cost management consultants for building and infrastructure projects) to:
- Review project costings presented in the Stage 2 submission;
 - Identify and advise on potential risks and opportunities that may carry design, cost and or programme impact; and,
 - Report on the Value for Money aspects of the project.
- 6.2 The draft Sweett report (**Appendix A**) confirms that the Stage 2 cost plan price is considered reasonable and provides an acceptable level of value for money but recommends further negotiation in the following specific areas to achieve better value for money:
- Work package review
 - Design fee allowance review
 - Cost benchmark comparison
 - Inflation application

7 STRATEGIC BUSINESS CASE

- 7.1 The Stage 2 Strategic Business Case for the Vision Tameside Phase 2 project (Appendix B – to follow) has now been updated from Stage 1 by Genecon (specialist economic development management consultancy).

- 7.2 The Strategic Business Case provides evidence that:
- The project is supported by a compelling case for change and that fits with other parts of the organisation and public sector (Strategic Case);
 - The project offers reasonable value for money in terms of realisable benefits (Economic Case);
 - The project meets the operational needs of project partners and can be procured effectively (Commercial Case);
 - The proposed spend is affordable (Financial Case); and
 - What is required from all parties is achievable (Management Case).
- 7.3 In summary, the Strategic Business Case confirms the positive and strong rationale for the programme in meeting the following four key objectives:
- Supporting growth and regeneration across Tameside;
 - Securing the future of Tameside College and skills provision;
 - Improving efficiency and effectiveness in the use of the Council's assets and service provision; and
 - Alignment to strategic policies.

8 PROGRAMME GOVERNANCE

- 8.1 Given the high profile of the Programme, the critical stage of development and the Council's substantial investment, it is recommended that the current programme governance arrangements are revised to provide robust overall direction and oversight.
- 8.2 In addition, this proposed change to project governance structure will achieve the outcomes recommended in the Critical Friend Review, undertaken by EC Harris earlier in the year.
- 8.3 It is proposed that a Vision Tameside Project Board is established to oversee project delivery, provide strategic oversight and monitor the project throughout the delivery phase.
- 8.4 The proposed membership of the Project Board is as follows:

Name	Designation
Councillor Jim Fitzpatrick	Chair - First Deputy (Finance and Performance)
Steven Pleasant	Chief Executive
Sandra Stewart	Executive Director (Governance and Resources) / Borough Solicitor
Robin Monk	Executive Director (Place)
Damien Bourke	Project Director - Assistant Executive Director (Development, Growth & Investment)
Peter Timmins / Beverley Stephens	Head of Resource Management
Andrea Wright	Project Manager and Support Officer

- 8.5 The proposed Terms of Reference for the Project Board are attached at **Appendix D**.

9 CONCLUSION

- 9.1 The Programme to deliver the Vision Tameside Phase 2 project is at a critical stage and is subject to significant risks. The Stage 2 submission for the scheme has been submitted to the Council for approval.
- 9.2 It is imperative that a decision is made on the Stage 2 submission and to undertake the commercial negotiations to agree the contract with the TIP, in order to avoid additional costs and delays.
- 9.3 The current Programme anticipates completion of the new building by March 2018 with occupation completed by September 2018.
- 9.4 The main areas for negotiating commercial terms and contract award relate to the costs and liabilities for the additional asbestos discovered in TAC, construction work packages, design fees, cost benchmark and inflation.
- 9.5 The Stage 2 Cost Review confirms that the Stage 2 cost plan price is considered reasonable and provides an acceptable level of value for money but recommends further negotiation in specific areas to achieve better value for money.
- 9.6 The Strategic Business Case confirms the positive and strong rationale for the programme in meeting the Council's key objectives.
- 9.7 The outstanding agreements for lease and leases with partners and particularly Tameside College, CCG and Job Centre Plus are planned for completion by mid-January 2016 to confirm the occupation in the new building and also enable capital and revenue budgets to be confirmed. It is imperative that this work is concluded prior to contract award on the 29 January 2016.
- 9.8 The delivery of high quality public realm will support the objectives of the Vision Tameside Programme and will provide the catalyst for future investment opportunities. However, the final scope of the project is yet to be confirmed as projected costs currently exceed budget. A funding package is therefore being developed to identify whether third party contributions can be secured and this will be presented at the Board meeting on the 24 February 2016.
- 9.9 The establishment of the Vision Tameside Project Board will provide robust overall direction and oversight therefore ensuring the Programme can be delivered to budget and timescale.

10 RECOMMENDATIONS

- 10.1 These are shown at the front of the report.

APPENDIX D

Vision Tameside Project Board

Draft Terms of Reference

Membership

Name	Designation
Councillor J Fitzpatrick	Chair - First Deputy (Finance and Performance)
Steven Pleasant	Chief Executive
Sandra Stewart	Executive Director (Governance & Resources) / Borough Solicitor
Robin Monk	Executive Director (Place)
Damien Bourke	Project Director - Assistant Executive Director (Development, Growth & Investment)
Peter Timmins or Beverley Stephens	Head of Resource Management
Andrea Wright	Project Manager and Support Officer

Purpose

The Vision Tameside Project Board has the responsibility, within Council governance, to oversee the coordination of the Vision Tameside Phase 2 project and programme of associated projects throughout the delivery phase.

Roles and Responsibilities

- To oversee the delivery phase of the project and programme
- To provide advice and strategic direction
- To manage and monitor project and programme progress
- To manage and monitor financial costs within the resources available to the Council
- To receive and consider progress reports from the Project Director, LEP, consultant(s) and other Council Officers
- To recommend/approve any variations within the resources available to the Council subject to any necessary governance required
- To review and assess the project and programme risks
- To co-opt up to 3 persons with specialist expertise onto the membership of the Project Board where necessary and required

Frequency of Meetings

At least monthly until Project and Programme completion.