

## CIVIC CAMPUS PROGRAMME

October 2020 Update



## 1 Programme Update

Management summary RAG status				
Summary	Programme Status	Milestones	Budget	Risks
This reporting period	GREEN	GREEN	GREEN	AMBER
Last reporting period	GREEN	GREEN	GREEN	AMBER

The programme is developing as planned. Programme is on track. Budget is currently forecasting an underspend and status remains as per previous report.

Risks in arising from third party suppliers have emerged in relation to stopping up works, primarily due to Covid-19 induced delays – these are yet to have an impact on programme and mitigations have been implemented. However, they remain a risk to be closely monitored by the project team.

The overall programme is made up of 3 distinct Phases:

**Phase 1** – Office Decant – the office decant is now completed.

**Phase 2** – Demolition and Enabling works.

Progress since last report

- Controlled demolition of the town hall extension and other buildings that form part of the site continues – Town Hall Extension expected to be fully demolished end of October 2020, with remaining areas completed November 2020 (and exit of demolition team from site)
- Ground works completed on cinema site
- Relocation of the CCTV control rooms is in progress - previously reported a risk, this process is nearing completion and is due to complete by end of October (with no impact on overall programme)
- Contractor has begun asbestos survey, opening up works and other associated enabling works inside the town hall
- The survey of the Thames Water sewer has been carried out, and further design work is now in progress in preparation for a build over licence being secured
- Quakers meeting house completed and land transfers completed as planned

### Risks

#### Stopping up and Utilities Diversions

- Progress was being made on this with utilities companies to stop up Nigel Playfair avenue. However, this process requires the co-operation of utilities

providers (water, gas, digital etc.) in order to agree and pay for service diversions.

- The project team have experienced delays from a two providers in providing appropriate quotations and programmes – they are blaming Covid-19 as having affected their available resources.
- While this isn't affecting the programme at present it introduces a degree of uncertainty until resolved with the utilities providers. To mitigate this to some extent, the Council and the JV have agreed with the main contractor that they will take responsibility for the next stage of this work.
- Agreement on the programmes and completion of key work is required by January 2021 in order for the programme to continue on time.
- To continue with the stopping up while this is resolved, a temporary stopping up order is being put in place ahead of permanent one in January 2021.

**Phase 3 – Main works –** This sets out the design development, procurement of the main contract and construction delivery on site.

- Stage 4 design and contractor proposals for the fixed price contract were submitted at the end of July, as planned ahead of sign off by client team
- Since then the Council, the JV and the consultant teams have been working to evaluate and validate both the design and the contractor proposals. The contractor proposals included a number of value engineering proposals that required thorough evaluation.
- The Council has held 18 validation sessions with 54 different members of staff to confirm approval for different aspects of the design and make any necessary changes
- Examples of design development during this process include
  - Co-production with Disabled Residents Team to ensure a fully inclusive design
  - Coordination of all design elements, and validation by stakeholders
  - Refinement of IT and audio-visual requirements
  - Creation of Southern Entrance informal workspace
  - Security Control Room included off entrance foyer
  - Improved access to Changing Places room
  - Events kitchen enlarged
- Civic Campus Executive Board and Chief Executive have reviewed and approved Stage 4 designs
- Final contract terms and price intended to be submitted for final approval by the Council and the JV, and for legal completion on 28th September
- The contractor is carrying out some limited works under a letter of intent ahead of this date
- Both the Joint Venture contract and the Council's refurbishment and fit out contract are within approved budgets.

- Part of the Stage 4 design development required a s.96a planning application to amend designs – and is due to be approved under officer delegations at time of writing.

Some elements in both contracts will remain as provisional sums, as Stage 5 design will need to be completed for example on interior design and category B fit out requirements.

A change control process is in place to manage these sums and any other changes that emerge or are instructed once in contract. Post contract changes are to be limited as far as possible and only if truly necessary, and no new design work is to be instructed.

Summary of process:

- Defined change control process administered and documented by the project managers and development managers, Silver DCC
- Applies to significant changes and not reasonable design development
- Significant changes are subject to Programme Board approval
- Changes with budget implications require either Executive Board or JV Board approval (dependent on contract)
- Budget changes are within the limits of approved budgets

## 2 Commercial

The Joint Venture continues to meet and has agreed to enter into its construction contract, which is within the target budget price.

The Council has completed its delegated decision to acquire the commercial units from the joint venture.

Pre-lets have been agreed for the cinema and the retail unit and delegated decisions are forthcoming to enable agreements for lease to be signed. Discussions continue on pre-lets and pre-sales for the other commercial elements of the scheme.

All pre-contract conditions precedent within the joint venture agreement and conditional agreement for lease have now been satisfied.

## 3 Impact of Covid-19

As identified above, Covid-19 has caused some brief delays to activity but hasn't affected the overall programme delivery dates. Risks are emerging in relation to third party diversions and service utilities. The project team continue to monitor both the direct construction impacts and the financial viability impacts on the project, and the LLP board also reviews this as part of its obligations.

The detailed design of the Civic Campus is moving into detailed Stage 5 and Cat B fit out processes, which will provide further opportunity to refine the approach to the office spaces in response to Covid-19 where appropriate.

#### 4 Budget Update.

In January 2019, Full Council approved the following recommendations for the Civic Campus programme:

- 1) Decant Budget of £36,734,027 (made up of an additional budget of £27.3m and existing budgets from previous reports, as noted in paragraph 9.22 of the Full Council report). Final confirmation of funding was delegated to the Chief Executive, as advised by the Strategic Director, Finance and Governance, in consultation with the Leader of the Council, the Cabinet Member for the Economy and the Arts and the Cabinet Member for Finance and Commercial Services, and;
- 2) A capital budget of up to £45.6m for the refurbishment and fit out of the Town Hall building. Final confirmation of this funding has been delegated to the Strategic Director, Finance and Governance in consultation with the Leader of the Council and Cabinet Member for Finance and Commercial Services.

The decant is now complete and we are finalising accounts with the contractors. The current budget is currently forecasting an underspend.

A summary analysis of current financial performance is set out in Appendix 2.

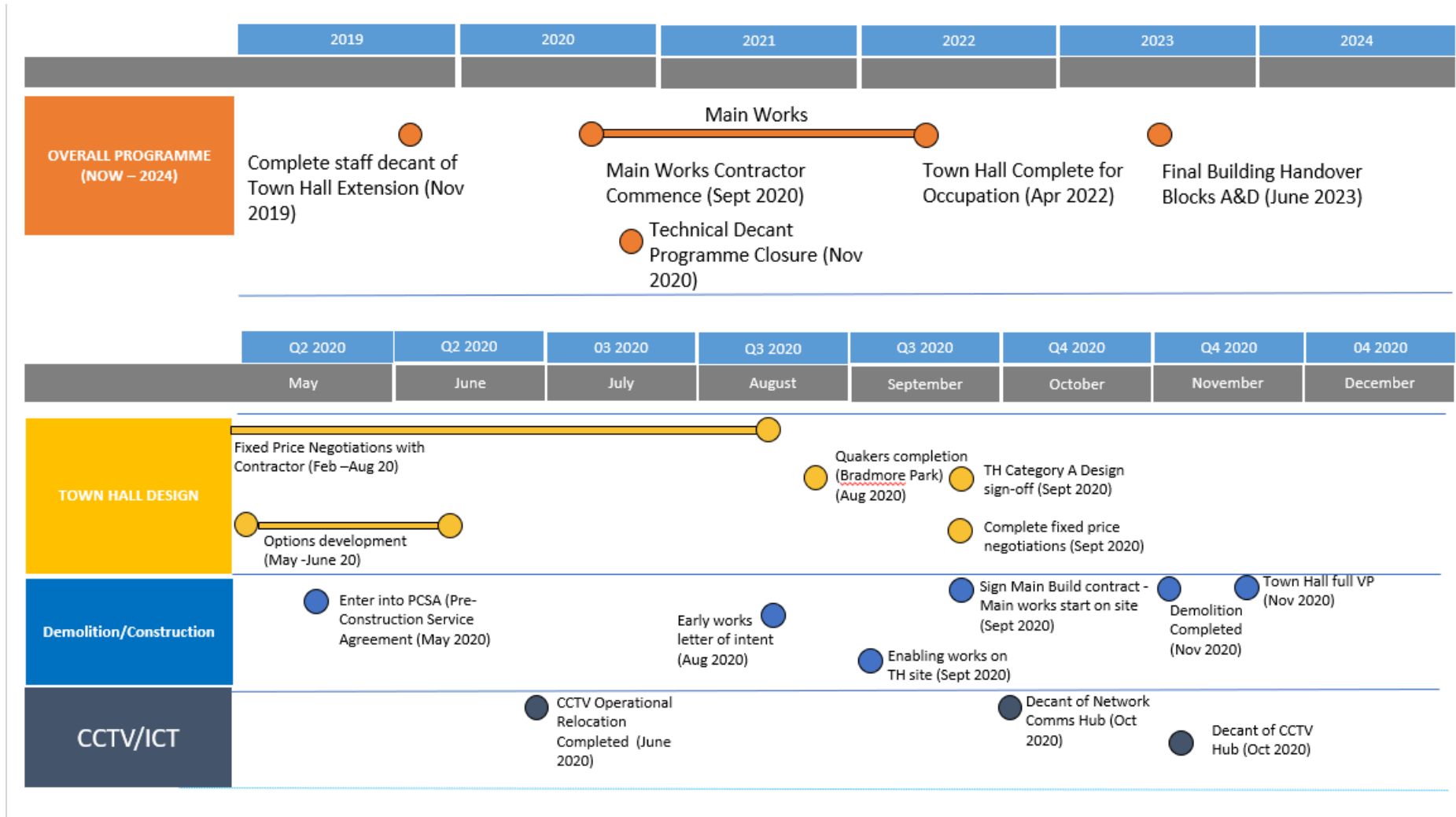
It should be noted that the July Cabinet report approved:

- Approval of a project budget realignment in line with the Council's strategy to protect reserves; this would provide a £860,841 further underspend against the revenue allocation and requires a corresponding, £860,841 additional capital budget for the fit out of the Town Hall (including the extension)
- That authority be delegated to the Strategic Director for the Economy, in consultation with the Director of Finance, the Cabinet Member for the Economy and the Cabinet Member for Finance and Commercial Services, to agree an additional 5% variation of the approved capital budget to accommodate any potential increase in contract costs or approved specification changes following approval of this report, to be funded from borrowing.

This means that the total budget for the Town Hall building refurbishment and fit out is £46.5m, and the revenue budget for decant is £35.9m.

# Appendix 1

## Overall Programme Summary



Appendix 2 - Budget Summary

Budget Item	Approved Budget	Spend to date	Expected Spend to date	Variance Against Spend to Date	Total Forecast	Variance Against Total Budget	Notes
Revenue	£35,873,186	£14,460,675	£14,460,675	£	£29,479,0864	£6,394,102	Budget is tracking at an overall underspend through budget savings throughout the programme
LBHF Capital	£46,460,841.00	£5,555,871	£7,100,977.49	£1,545,106.49	£46,460,841.00		Underspend from baseline position is a result of a delay in demolition works and some reprogramming. The programme is forecast to retain its position by the end of 2020.

Appendix 3 – Programme Milestones Tracker

<b>Activity/Milestone</b>	<b>Target</b>	<b>Actual/Forecast</b>	<b>Comment/Risk</b>
RIBA Stage 4 Submission	July	July	
Contract Price Submission	July	July	
Completion of Quakers Meeting House	August	August	Major milestone on the critical path
Start on Site (Town Hall Early Works)	August	September	Actioned under a letter of intent ahead of main contract signature – Asbestos, Clearance, Opening up, Hoarding works
Agreed Contract Price	August	September	Detailed negotiations on specific CPs required resolution to avoid provisional sums
RIBA Stage 4/CAT A sign off	August	September	Additional validation required with Disabled Residents Team
Main works contract signature	August	September	Approved by LBHF and JV Board
Temporary stopping up of Nigel Playfair Avenue.	28 <sup>th</sup> September	16 <sup>th</sup> October	Small delay due allow for revised planning approval to be confirmed.
Town Hall Clearance	13 <sup>th</sup> October	On Target	
Asbestos removal to Town Hall completed	13 <sup>th</sup> October 2020	On Target	
Hoarding erected	13 <sup>th</sup> October 2020	On Target	
CCTV Control Room completed	30 <sup>th</sup> October 2020	On Target	Final technical decant and full VP to contractor
Completion of Town Hall opening up works	10 <sup>th</sup> November	On Target	



Full Demolition Completion	6th November	On Target	Revised programme following Covid-19 delay
Permanent Stopping up of Nigel Playfair Avenue	January 2021	On Target	Required to allow basement works.
Start on Site (Block B)	24th January 2021	On Target	Risk that prevails relates stopping up order and services diversions being completed
Start on Site (Block A and D)	January 2021	On Target	Risk that prevails relates stopping up order and services diversions being completed
Start on Site (Block C)	January 2021	On Target	Risk that prevails relates stopping up order and services diversions being completed
Sales Commence	September 2021	On Target	Off plan sales
Town Hall Handover (Contract A)	April 2022	On Target	Some CAT B items will remain for fit out until August 2022, as there will be a gradual return to the Civic Campus from leased buildings
Handover Block C (Contract B)	October 2022	On Target	Social rented housing, and retail at ground floor
Handover Block B (Contract B)	November 2022	On Target	This is the office block
Handover Block A (Contract B)	May 2023	On Target	Private sales units and affordable workspace at ground floor
Handover Block D (Contract B)	March 2023	On Target	Shared Ownership Units
All sales agreed	September 2023	On Target	
All sales completed	March 2024	On Target	JV can be wound up at this point

Appendix 4 – Summary of funding

Element	£m	Capital/ Revenue	Cash/ Non-Cash	Funding Source
<b>Site Assembly</b>				
Cinema Site Purchase	16.0	Capital	Cash	CFR (internal borrowing)
Surrender of Bradmore Park site	1.7	Capital	Non-Cash	N/a – land swap
<b>Total</b>	<b>17.7</b>			
<b>JV inputs and outputs</b>				
<b>Conditional Land Sale</b>				
Conditional Land Sale	25.3	Capital	Non-Cash	N/a – land sale
Extension Pod Works value	(25.3)	Capital	Non-Cash	N/a – consideration for land sale
<b>Conditional land sale total</b>	<b>(0)</b>			
<b>Investment in JV</b>				
Equity investment in JV	25.0	Capital*	Cash	CFR (internal/ PWLB borrowing)
Member loan	10.0	Capital*	Cash	CFR (internal/ PWLB borrowing)
JV return (modelled January 2020)	(11.1)	Revenue	Cash	Return on investment after repayment of above
<b>Town Hall refurbishment</b>				
<b>Capital</b>				
Town Hall refurbishment	35.0	Capital	Cash	CIL/ CFR (internal/ PWLB borrowing)**
Fit-out	11.5	Capital	Cash	CIL/ CFR (internal/ PWLB borrowing)
<b>Capital total</b>	<b>46.5</b>			
<b>Revenue</b>				
Decant Costs (after savings)	35.9	Revenue	Cash	Earmarked reserves***
<b>Revenue total</b>	<b>35.9</b>			
<b>Commercial acquisition</b>				
Office and commercial space	64.0	Capital	Cash	CFR (internal/ PWLB borrowing), part funded by S106 affordable workspace
<b>Other Items</b>				
141 Right to Buy receipts grant to A2D	6.2	Capital	Cash	HRA 141 receipts (ringfenced)
Developer Contributions (S106 and CIL)	(5.9)	Revenue	Cash	N/a
Management fee for LBHF role in JV	(0.7)	Revenue	Cash	To offset project / decant costs

\*Investment/ loan capital in a JV would not usually be classed as capital but as an investment – local authority statutory accounting requires this to be treated as capital.

\*\*The Council intends to fund the majority of the Town Hall refurbishment and the fit out works with Community Infrastructure Levy (CIL) receipts. These funds have not yet been fully received and are dependent on development schemes reaching expected trigger points.

\*\*\* The majority of decant expenses are considered to be revenue as in the main these are rental costs for decant sites – however items of expense will be considered on a case by case basis for capitalisation to protect reserves where possible.