

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES	FINANCE AND DEMOCRACY COMMITTEE	3 AUGUST 2015	4

ACCOMMODATION PROJECT - PHASE 3 WORKS

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The report presents the details of phase 3 of the Town Hall/Chaseley refurbishment proposals and the outcome of a recent tendering exercise to procure a contractor to undertake the work. The report seeks the approval of members to approve the proposed works and approve the letting of a contract to undertake the works.

The report also invites Members to review the previously agreed cost-limited approach to financing the accommodation project from the proceeds of the disposals of specific surplus assets.

Finally the report requests that Members consider the establishment of an accommodation project earmarked reserve, and consider sources of funding into the reserve such that the reserve may contain the necessary funding to ensure the delivery of the remaining phases of the accommodation project.

RECOMMENDATIONS

The Committee is recommended to:

1. approve capital virements in the total sum of £230,000 from Phases 7 and 8 of the Accommodation Project capital scheme (£44,000 from Phase 7 and £186,000 from Phase 8) to fund the works to Phase 3 of the project as outlined in the report;
2. approve the letting of the main contract for Phase 3 to F Parkinson Ltd Blackpool in the sum of £506,605, whilst noting that the total cost of Phase 3 (including fees/surveys) is estimated to be £547,000 and that this will be funded from remaining capital receipts earmarked for this project;
3. review the previously agreed cost-limited approach to providing satisfactory accommodation from within the funding being realised from the sale of the surplus Council assets of the former depot site at St David's Road North, St Annes, the former offices at Derby Road, Wesham and the Public Offices site in St Annes;
4. consider the establishment of an accommodation project earmarked reserve and consider sources of funding into the reserve such that the reserve may contain the necessary funding to ensure the delivery of the remaining phases of the accommodation project; and

5. approve that work on establishing and financing an accommodation project reserve be considered urgent so that the committee can identify and allocate further funding to allow for the consecutive award of phases 4 and 5 to the same contractor on the condition that performance is considered acceptable.

CORPORATE PRIORITIES

To Promote the Enhancement of The Natural & Built Environment (Place)		To Encourage Cohesive Communities (People)	
To Promote a Thriving Economy (Prosperity)		To Meet Expectations of our Customers (Performance)	v

SUMMARY OF PREVIOUS DECISIONS

Cabinet on the 5th March 2014 resolved:

1. To forego the principle of commissioning a single contract for the remaining refurbishment works to the Town Hall/Chaseley buildings and agree to the recommendation of the Accommodation Working Group to commission further works when funds are available to achieve the priorities set out in section 7 of the report to deliver the phases (set out in order) in section 10 of the report.
2. To approve the proposed works to the Town Hall/Chaseley buildings as detailed in the report for immediate commencement, with the works being funded via a funded budget increase to the approved capital programme scheme for the Accommodation Project in the sum of £184,000 in total (with £10,000 budgeted to be spent in 2013/14 and the remaining £174,000 budgeted to be spent in 2014/15), fully funded from the £184,000 set aside in the 2013/14 revenue budget for decanting staff which has been earmarked for the delivery of the Accommodation Project works.
3. To approve the letting of the Town Hall/Chaseley window replacement, structural repairs and associated works contract to W. Monks (Longridge) Ltd in the sum of £184,000.

Cabinet on 25th June 2014 resolved:

1. To approve the procurement of a project manager and supporting professional assistance to design and specify the works in phases 3 to 7, with this being funded from the capital receipt received from the sale of the Derby Road site at Wesham,
2. To authorise the Portfolio Holder for Planning and Development to approve the costs associated with the project manager and supporting professional assistance,
3. To note that a further report will be brought before Cabinet once tender prices have been received for phases 3 to 7 of the project to seek approval to proceed, in line with financial regulations; and
4. To note the redecoration of the current Reception Room and Members' Room and agree to the relocation of the Mayor's Parlour to Room 103 at the side of the Town Hall.

REPORT

1. Cabinet has previously agreed a cost limited refurbishment of accommodation on the Town Hall site consisting of 8 phases of work funded from the receipts of the sale of three assets.
2. Phases 1 and 2 involving the renewal of the majority of the roof of the Town Hall and Chaseley buildings along with the replacement of the windows with associated structural works are now complete. These initial phases were funded from part of the proceeds of the sale of the former depot site at St David's Road North and by using monies previously set aside for the decanting of staff to other premises whilst the works take place.

Phase 1 - Roof replacement

Phase 2 – Window replacement and structural repairs

Phase 3 – East Wing including lift, new protected stairway and office extension

Phase 4 – Chaseley link bridge and protected stairway

Phase 5 – One Stop Shop & tourist information centre

Phase 6 – Council chamber

Phase 7 – Internal refurb/redecoration/services upgrade including heating and lighting

Phase 8 – Car park and external works

Table 1 – Town Hall accommodation project phases

3. Cabinet agreed to use the proceeds of the sale of the former offices at Derby Road to fund further phases of work. The overall approach agreed by Cabinet being that refurbishment works be carried out based on occupation of the building continuing with no decanting of staff which means phases of work would need to be undertaken consecutively to minimise disruption.
4. Cabinet also agreed to continue to market the Public Offices to generate further funding to go towards further phases of work. However dependant on the amount of capital receipt achieved from this there could be a shortfall in monies to fund remaining works to the Town Hall from the sale of Public Offices.
5. There are several bids under consideration for the Public Offices site which are currently being assessed. Discussions are also taking place with the ground landlord of the site to determine the financial considerations of obtaining approval to each of the proposals. Once these assessments are complete the bids will be discussed by the Accommodation Working Group.
6. Cabinet agreed to the procurement of a project manager and supporting professional assistance in order to progress with a scheme for the delivery of phases 3 to 7 of the Town Hall/Chaseley refurbishment works. Blackpool Council have been selected as the Design Team utilising some spare capacity and expertise in the Property & Asset Management Division.
7. Works to phase 3 involves the remodelling and refurbishment of the existing building together with a first floor extension to the Town Hall Annexe Building. It includes major demolition, alteration and service installation works to the East Wing working from basement up to the second floor. The site area has been vacated but day to day council operations should not be affected. Plans at **appendix 1** show the phasing of work throughout the building and in particular the footprint for phase 3 on each floor.

8. The Design Team in consultation with the Council's Officers consider that a Partnering Contractual approach to procurement (PPC2008) in lieu of a traditional (JCT Standard Form of Contract 'first past the post') contract would be advantageous to ensure the council achieve a successful outcome, maintain the highest quality, certainty of cost and programme delivery.
9. This process is based on collaborative working between all parties including Client, Design Team, Contractor and supply chain. This will benefit the council if further phases of the works are granted approval because the design can be developed and costs established on an open book basis with agreed fixed contractor overhead and profit.
10. Procurement of the works was carried out using a 2 stage tendering procedure in line with corporate procurement procedures. An Expression of Interest request for suitably experienced contractors was placed on the North West Procurement Hub (the Chest) in October 2014. In total 72 requests for the 1st stage Prequalification documentation (PQQ) were received.
11. The PQQ was released to the Chest in January 2015 and seven submissions were received of which six contractors met the tender criteria and progressed to the 2nd Stage Invitation to Tender (ITT) which required the Contractors to provide and detail an agreed maximum price, programme and quality condition.
12. Four tenders were received by the return date of 4th June 2015. Tenders were received from the following companies with the prices for phase 3:

1.	F Parkinson Ltd Blackpool	£506,605.00
2.	H Fairclough Ltd Warrington	£542,599.00
3.	J Monks Ltd Preston	£534,000.16
4.	Clement Dickens & Son Ltd Thornton	£598,551.00
5.	Walter Carefoot Ltd Longridge	Declined
6.	Manley Ltd Manchester	Declined
13. A scoring evaluation based on a combination of price and quality against pre-defined criteria was also undertaken and the scores set out below:

1.	F Parkinson Ltd Blackpool	110.50
2.	H Fairclough Ltd Warrington	79.25
3.	J Monks Ltd Preston	59.75
4.	Clement Dickens & Son Ltd Thornton	36.00
5.	Walter Carefoot Ltd Longridge	Declined
6.	Manley Ltd Manchester	Declined
14. The lowest tender received was £506,605 which is £27,395.16 lower than the second tender. The range of tender prices clearly indicates the tenders received are competitive. F Parkinson Ltd have submitted a priced tender that is technically and arithmetically correct. All items have been priced and included in the tender sum.
15. As part of the Invitation to tender F Parkinson Ltd have submitted their overhead and profit requirement for any additional work is 5%. This is considered to be competitive and in line with other construction works using the 2008 PPC form of Building Contract. F Parkinson Ltd have also stated that the percentage above (5%) would apply to any request to agree future phases if required on an open book basis.
16. The total cost to deliver each phase of work is made up of; preliminary surveys, design and supervision fees and the cost of the main contract works. When added together the total estimated cost of phase 3 is £547,000.

17. Following consideration by Cabinet in 2014, Budget Council in March 2015 agreed a capital programme which forecast the costs of all the remaining phases (3 to 8 in respect of the Town Hall plus some accommodation works at Ashton Gardens depot) in the sum of £2,038,000 to be financed through capital receipts.
18. The latest total cost for phase 3 (based on the lowest tender submitted) at £547,000 is significantly higher than that included in the capital programme estimate at £317,000. The reasons for this are:
 - the footprint (area) for phase 3 is slightly larger than originally planned (potentially making adjacent phases smaller),
 - some generic elements of work scheduled for later phases (e.g. mechanical and electrical) have been brought forward and included in phase 3 to reduce future disturbance,
 - the length of time between the original estimates reported to the Accommodation Working Group and the tender return dates results in inflation over that period of time.
19. Based on the above procurement method using the lowest tender for phase 3 it is possible to more accurately estimate the cost of the remaining phases. The table attached at **appendix 2** shows the estimated costs summary for the remaining phases of work to the Town Hall/Chaseley building. The table includes for comparison the budget approved in the agreed capital programme along with an estimate of the duration of each phase if delivered consecutively. The “Total Latest Estimates” figures in **appendix 2** include a notional 5% increase in cost to allow for further inflation on phase 4 to 8.
20. The Accommodation Working Group (AWG) recently met and considered the latest position on the sale of the Public Offices (as outlined in paragraph 5, above), the tenders received for phase 3, along with the estimated revised costs for the project. The Group noted that:
 - The remaining phases 3 to 8 of the Town Hall accommodation scheme works were estimated to cost £2,294,000 in total.
 - There is a balance of capital receipts allocated to the project of £879,000 remaining after all current expenditure spent/committed.
 - It was estimated that based on the latest offers received for the Public Offices site that there would be a total funding shortfall of over £800,000.

The Group discussed various scenarios for funding the project. It was noted there was sufficient funding remaining to award phase 3, but not phase 4 as well.

21. After some discussion the AWG noted that the overall cost of refurbishment could no longer be achieved from within the proceeds of the sales of the three sites (St David’s Road North, Derby Road and The Public Offices). The Group recommended:
 - the letting of phase 3 to the lowest tenderer funded from the balance of funding remaining,
 - that the Finance and Democracy Committee be asked to review the previously agreed cost limited approach to providing satisfactory accommodation from within the funding realised from the sale of the three assets,
 - that the Finance and Democracy Committee be asked to consider the establishment of an accommodation project reserve, and consider ways in which such a reserve can be financed to help fund the cost of remaining phases of the project to meet any shortfall,

- that work on establishing and financing such a reserve be considered urgent so that the committee can identify and allocate further funding so as to allow for the consecutive award of phases 4 and 5 to the same contractor should performance be considered acceptable,
- the completion of phases 3/4/5 of the Town Hall accommodation scheme works and the remaining works to Ashton Gardens depot so as to allow the unhindered sale of the Public Offices site should an offer be received that is considered acceptable.

22. In order to continue with the current impetus of the scheme now that phases 1 and 2 are complete, and to deliver phase 3, it will be necessary to carry out the following virements between existing approved capital budgets:

Phase:	Budget per capital programme 2015/16	Budget per capital programme 2016/17	Proposed Virement	Revised Budget after proposed virement 2015/16	Revised Budget after proposed virement 2016/17
	£000	£000	£000	£000	£000
Phase 3 - East Wing Inc. Lift	317		+230	547	
Phase 4 - Chaseley Link Bridge	202			202	
Phase 5 - One Stop Shop	272			272	
Phase 6 - Council Chamber		179			179
Phase 7 - Internal Refurb / Services		819	-44		775
Phase 8 - Car Park & External Works		186	-186		0
TOTAL	791	1,184	0	1,021	954

Table 2 – Virements proposed to fund phase 3 works

23. Whilst the proposed virements will enable the delivery of phase 3, which is the focus of this report, it will be necessary in a subsequent report to re-visit the budgets for later phases as these are not currently aligned with the latest estimates of phase costings.

24. The proposals within this report to carry out Phase 3 works will be funded from the balance of capital receipts currently retained for that purpose. The updated position re capital receipts will be as follows:

	£000
Current balance of capital receipts re accommodation project	879
LESS: Receipts to fund Phase 3 as set out in this report	(547)
Balance of capital receipts remaining after delivery of Phase 3	332

Table 3 – Funding of phase 3 works

25. As part of approving the spend on any capital project the report needs to address a number of detailed issues which are set out below:

26. The objectives, outputs and outcomes of the project are to provide a fully accessible building and provide fire safety measures to comply with legislation. To address mechanical and

electrical issues. Also to maximise use of the building so as to bring staff across from the Public Offices to allow the sale of that site.

27. In specifying this scheme Officers have surveyed the condition of the building and structural features and considered different solutions available. A summary of the specification is set out overleaf.

Specification summary

The formation and construction of a new covered staircase, balustrade and lift installation including all basement groundworks, demolition and alterations to internal walls and chimney's to provide access to all floors. The remodelling and refurbishment of existing Office and Ancillary spaces to provide Shower, Locker, Toilet facilities, Kitchen, Office and ancillary accommodation. The construction of a new first floor extension to the rear Annexe of the building to form further additional accommodation. The above works will include floor wall and ceiling finishes, decorations, mechanical, electrical and IT installations.

Table 4 – Specification summary

28. A breakdown of the cost to deliver phase 3 based on the lowest tender received is set out below:

Preliminaries	£47,933
Demolition & Alterations	£109,100
Substructure	£25,152
Windows & Doors	£44,506
New Extension	£32,009
Stairs & Balustrading	£35,746
Internal Walls & Finishes,	
Decoration	£22,603
General fittings	£1,460
Sanitary ware & Cubicles	£6,989
Mechanical & Electrical	
Installations	£85,000
Lift installation	£35,707
External Works & Drainage	£8,000
Provisional Sums	£32,400
Sub-total	£486,605
Contingency: A fixed contingency has been applied to the project to cover unknown risks and equates to	£20,000
Total works	£506,605

Table 5 – Breakdown of costs

29. The Town Hall is an asset currently managed and maintained by the Council and so there would not be any additional ongoing revenue costs involved. There will need to be a re-profiling of existing repair and maintenance revenue budgets to fund the maintenance of the new lift, but there will not be an increase in costs overall.
30. A risk assessment is attached to the report at **appendix 3** which identifies those matters which require attention and mitigation.

31. It is planned that the works will be undertaken whilst the Town Hall remains in use so as to reduce costs although there will be the need to vacate specific rooms/offices as the works progress. It must therefore be accepted that there will be some inconvenience and disruption. Mitigation of these issues is set out on the attached risk assessment.
32. Relevant drawings and documents will be supplied to the contractor which forms part of the contract to be awarded.

IMPLICATIONS	
Finance	<p>This report summarises the progress to date in the delivery of the Accommodation Project capital scheme and outlines the current position with regard to the next phase of the works, phase 3. As the revised cost of this phase of the works is in excess of the sum contained within the approved capital programme for this purpose the committee is requested to approve capital virements in the total sum of £230,000 from phases 7 and 8 of the Accommodation Project capital scheme to fund the works to Phase 3 of the project.</p> <p>The report also invites Members to review the previously agreed cost-limited approach to financing the accommodation project from the proceeds of the disposals of specific surplus assets.</p> <p>Finally the report requests that Members consider the establishment of an accommodation project earmarked reserve, and consider sources of funding into the reserve such that the reserve may contain the necessary funding to ensure the delivery of the remaining phases of the accommodation project.</p>
Legal	None arising from this report
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	The outcomes of the project are intended to deal with previously identified health and safety risks

LEAD AUTHOR	TEL	DATE	DOC ID
Paul Walker	01253 658431	21 st July 2015	

LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Council, Cabinet & Portfolio Holder reports and minutes	31 st August 2010 (Cabinet) 15 th December 2010 (Cabinet) 16 th November 2011 (Cabinet) 15 th February 2012 (Cabinet) 26 th March 2012 (Council) 19 th June 2012 (PH Decision) 24 th September 2012 (Council) 3 rd December 2012 (Council) 16 th January 2013 (Cabinet) 10 th April 2013 (Cabinet) 2 nd July 2013 (Cabinet) 5 th March 2014 (Cabinet) 25 th June 2014 (Cabinet)	http://www.fylde.gov.uk

Attached documents

1. Phasing plans for each floor of the Town Hall/Chaseley building
 - Basement
 - Ground floor
 - 1st floor
 - 2nd floor
2. Accommodation project phases: Estimated cost summary
3. Risk assessment

ACCOMMODATION PROJECT PHASES: ESTIMATED COST SUMMARY							
REMODELLING, REFURBISHMENT & EXTENSION TO FYLDE COUNCIL TOWN HALL							
ESTIMATED COST SUMMARY							
PHASE				Agreed capital budget per capital programme	Total Latest Estimates	Duration	Notes
Phase 1 ReRoofing				£ 261,000	£ 262,000	Complete	ReRoofing Town Hall & Chaseley Building Complete
Phase 2 Replacement Windows				£ 184,000	£ 179,000	Complete	Replacement PVCu Windows Installation Complete
Phase 3 Lift, Stairs and Office Refurbishment				£ 317,000	£ 547,000	20 Weeks	Provision of New Lift Installation and shaft, staircase and balustrade, remodelling and refurbishment of the South section offices and ancillary rooms of Town Hall and the Annexe, complete with first floor extension, installation of Toilets and Shower Rooms including demolition and removal of chimney stacks, together with structural alterations
Phase 4 Alterations & Remodelling Chaseley Building				£ 202,000	£ 485,000	20 weeks	Construction of a Second Floor Link to provide level access to the Chaseley building complete with a new staircase, remodelling and refurbishment of the Chaseley Building Offices and Ancillary rooms, including and associated service installations, Fire Alarm, Swipe Access System and IT, provision of office furniture.
Phase 5 Alteration to Form One Stop Shop & Link				£ 272,000	£ 305,000	12 Weeks	Remodelling & Refurbishment of the existing Reception Area to accommodate a One Stop Shop and Tourist Information Centre including new access doors, the installation of a Platform Lift, including associated service installations, Fire alarm, Swipe Access System and IT, TIO Enquiry Island Unit, TIO Enquiry Counter and One Stop Shop Counter with screen, provision of office furniture, refurbishment of the disabled toilet, adaptations to
Phase 6 Alterations to form Civic Suite				£ 179,000	£ 296,000	12 Weeks	Remodelling and refurbishment of the existing west rooms to form a new Civic Suite and associated rooms including the demolition and structural wall alterations to create the Civic suite including folding screen, new access steps, repositioning stained glass screen, services Fire Alarm, Swipe Access System, IT installation with screen and projector together with room furniture
Phase 7 1st & 2nd Floor Refurbishment & Boilers				£ 819,000	£ 537,000	16 Weeks	Remodelling and refurbishment of the remaining First & Second Floor Offices and ancillary rooms of Town Hall, Basement Art Store enabling works, including minor demolition, alteration work and associated service installations including New Boiler Installation, Fire Alarm, swipe access system and IT, provision of office furniture.
Phase 8 External Works				£ 186,000	£ 124,000	8 Weeks	External Works to the existing Car Park, and front Access ramp, New Bike Shed, feature Landscaping
Total Build Cost				£ 2,420,000	£ 2,735,000	88 weeks	
					£ 2,735,000		

Committee Risk Assessment Template

Directorate: Development Services		Date of Assessment: 22 nd July 2015		
Section: Technical Services		Assessment Team: Andrew Dickson/Steve Ball		
Assessment Activity / Area / Type: Town Hall/Chaseley Building refurbishment				
Do the hazards create a business continuity risk? Yes				
RISK DESCRIPTION	RISK SCORE (Likelihood x Impact)	RISK MITIGATION	RESIDUAL RISK SCORE (Likelihood x Impact)	RISK OWNER / RISK REGISTER
Noise and disruption due to the nature of the works	5x3=15	Move some staff located in some locations to other parts of the building during critical stages of the work and/or hold public meetings off site when the works may disrupt public meetings	5x2=10	Andrew Dickson
Loss of car parking spaces during the works due to contractors occupation	5x2=10	Relocate staff parking to North Promenade with limited public and disabled provision retained on site	5x1=5	Andrew Dickson
Unforeseen defects with associated costs	3x2=6	Contingency budget to deal with unforeseen works. Project management practices will be adopted and supervision to oversee the works	2x2=4	Andrew Dickson
Inclement weather delays	3x2=6	Project management practices will be adopted and supervision to oversee the works	2x2=4	Andrew Dickson
Works overrun	3x2=6	Project management practices will be adopted	2x2=4	Andrew Dickson

		and supervision to oversee the works. Penalty clause included in the contract to discourage delays.		
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Risk Likelihood

6 = Very High

5 = High

4 = Significant

3 = Low

2 = Very Low

1 = Almost impossible

Risk Impact

1= Negligible

2 = Marginal

3 = Critical

4 = Catastrophic

Multiply the likelihood by the impact and if the score is above 12 then mitigating action should be undertaken to reduce the risk. This action should be recorded and monitored in either a directorate or corporate risk register.