

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	19 JUNE 2017	5

ACCOMMODATION PROJECT - PHASE 6 & 7 WORKS

PUBLIC ITEM

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

SUMMARY

The report presents information on the remaining works in respect of phases 6 & 7 of the Town Hall/Chaseley refurbishment proposals and the outcome of a procurement exercise for the replacement of boilers and upgrade of the heating system. The report seeks the approval of Members to deliver phase 7 (c) works to be met from the council's approved capital programme for 2017/18 and requests approval to the letting of a contract to undertake the works.

The report also requests approval to a fully-funded budget increase to the Accommodation Project scheme within the Capital Programme in respect of Phases 6 & 7 of the project in the sum of £135,000. It is proposed that this is to be met in full from the additional transfer to the Accommodation Project Reserve as proposed as part of the 2016/17 MTFS Financial Outturn report presented earlier on the agenda for this Committee. Taken together with the slippage sum of £365,000 for the Accommodation Project, also requested within the MTFS Financial Outturn report, this will provide a total budget for the remaining elements of phases 6 & 7 of the Accommodation Project of £500,000.

RECOMMENDATIONS

The Finance and Democracy Committee is requested to:

1. Approve a fully-funded budget increase to the Capital Programme for the Accommodation Project Phases 6 & 7 of the scheme in the sum of £135,000 to be met in full from the additional transfer to the Accommodation Project Reserve as proposed as part of the 2016/17 MTFS Financial Outturn report presented earlier on the agenda for this Committee;
2. Authorise the commencement of the proposed works in relation to the Accommodation Project in the sum of £136,000 for Phase 7 (c), including design and supervision fees
3. Authorise the letting of the contract for the proposed works in phase 7 (c) to CMB Fylde Ltd in the sum of £115,965.

SUMMARY OF PREVIOUS DECISIONS

Finance and Democracy Committee on 23rd January 2017 resolved to:

1. To approve the commencement of the proposed works in relation to the Accommodation Project in the sum of £211,702 for Phase 7 (b), including design and supervision fees; and
 2. To approve the letting of the contract for the proposed works to F Parkinson Ltd Blackpool in the sum of £196,000.
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Council on 17th October 2016 resolved to:

1. Approve monies from the following earmarked revenue reserves be transferred into the Accommodation Project Reserve to fund the works, with the balance of £151k to be met from General Fund Reserves in 2016/17;
 - a. The Land Charges New Burdens: £28k
 - b. The Vehicle Maintenance Reserve: £127k
 - c. The Vehicle Replacement Financing Reserve: £212k; and
2. Note that subject to 1 (above), the financing of the remaining phases of the Accommodation Scheme (currently shown within the approved Capital Programme by way of a capital receipt arising from the sale of the former public offices site) will be amended to show the increase in total project cost of £194k and the financing by way of the use of revenue reserves in the total sum of £518k as detailed in 1 (above).

 Finance and Democracy Committee on 26th September 2017 resolved to:

1. Approve the proposed works in relation to the Accommodation Project in the sum of £518k (that being £363k for Phase 6 (Option 2b) and £155k for part of Phase 7) and recommend to Council that monies from the following ear-marked revenue reserves be transferred into the Accommodation Project Reserve to fund the works, with the balance of £151k to be met from General Fund Reserves in 2016/17:
 - The Land Charges New Burdens: £28k;
 - The Vehicle Maintenance Reserve: £127k;
 - The Vehicle Replacement Financing Reserve: £212k;
2. Approve a funded budget increase to the capital scheme for the Accommodation Project, currently within the approved Capital Programme for delivery in 2016/17, in the total sum of £194k (£67k for phase 6 of the scheme and £127k for phase 7 of the scheme) such that the revised total costs are £363k for phase 6 of the project and £475k for phase 7;
3. Note that, subject to approval by Council, the financing of the remaining phases of the Accommodation Scheme (currently shown within the approved Capital Programme as being by way of a capital receipt arising from the sale of the former public offices site) will be amended to show the increase in total project cost of £194k and the financing by the use of revenue reserves in the total sum of £518k as detailed in 1 (above);
4. Note that the remaining works relating to phase 7 of the Accommodation Project (in the sum of £310k) will see the entire Accommodation Project finally completed other than for any external landscaping works to the grounds; and
5. Subject to the approval by Council of the transfer of reserves set out in recommendation 1 above, approve the letting of the main contract for the proposed works to F Parkinson Ltd Blackpool in the sum of £444,584, whilst noting that the cost of Phase 6 (option 2b) and phase 7 (1st floor) (including fees/surveys/furniture) is estimated to be £518,150 in total.

CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	
Working with all partners (Vibrant Economy)	
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	
Promoting Fylde as a great destination to visit (A Great Place to Visit)	

REPORT

1. The Council has previously agreed the refurbishment of office/civic accommodation on the Town Hall/Chaseley site consisting of 8 phases of work. Progress with each of the phases is shown in table 1.

Table 1 – Town Hall accommodation project phases

Phase	Elements of work	Comments
1	Roof replacement	Completed March 2014
2	Window replacement and structural repairs	Completed July 2014
3	East Wing including lift, new protected stairway and office extension	Completed March 2016
4	Chaseley link bridge and protected stairway	Completed October 2016
5	One Stop Shop & tourist information centre	Completed November 2016
6	Council chamber, lobby and basement	Underway, awaiting confirmation on furniture/room layout for the Council Chamber. Once determined and ordered a final completion date can be confirmed
7(a)	1 st floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	Completed late March 2017
7(b)	2 nd floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	Started 10th April 2017 and due to be completed by 14 th July 2017
7(c)	Replacement of boilers	The subject of this report
8	Car park, external works and landscaping	To be undertaken 2017/18 using existing capital/ revenue resources

2. The contract for Phase 6 and 7(a) started on 12th December 2016. Whilst phase 7 (a) was completed by March 2017, Phase 6 has been delayed whilst the details of the furniture type and layout in the council chamber are agreed as this will impact on the IT and electrical configurations.
3. There is an allowance within the scheme for furniture in the new chamber and tenders have been sought and have been evaluated and considered by the Accommodation Working Group (AWG).
4. The scheme currently under consideration consists of bespoke fixed desk/benches with loose seating. Once the AWG has finalised its recommendations a report will be presented to Council for consideration and approval. However it is currently estimated that scheme under consideration will require in the region of £47k of additional monies to fund. The final figure will be dependent upon the specification proposed by the AWG.
5. The last report to committee in January dealt with the letting of phase 7 (b) which was approved and started on 10th April 2017 and is due to be completed by mid-July 2017.
6. During the execution of phase 7 (a) and 7 (b) additional work has been found to be necessary. A significant element of this has been the need to route services within the ceilings of the first floor rooms (whilst the second floor has been occupied) and resulted in additional costs to overlay the ceilings in phase 7 (a). Other additional works necessary include; additional temporary structural support following intrusive survey work on the structure to allow the installation of the new steel beam within the Council Chamber, remove some existing carpets, re board and retile (where previous assumptions had been to reuse), additional joinery items, temporary picture protection, redecorate cupboards, replacement fire door, overboard 2nd floor and remove & reinstate insulation. The total cost of this additional work is £60k.
7. Phase 7 (c) is works to replace the boilers and upgrade the heating system. The existing boilers & associated equipment, are believed to be over 20 years old and obsolete. The new boilers will generate an estimated

15% efficiency saving. The new control panel will generate further cost and efficiency savings through closer thermal control and more up to date energy saving plant & equipment.

8. The work has been surveyed, specified and priced in accordance with the previously tendered and agreed overhead/profit rates. The method of construction has been reviewed and it is considered more effective to detach this work from the remit of the main contractor to ensure that there are no delays in completing other aspects of work.
9. The cost breakdown of Phase 7 of the Accommodation Project is shown in table 2 below.

Table 2 – Phase 7 Cost Breakdown

Phase	Elements of work	Cost £000
7(a)	1 st floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	155
7(b)	2 nd floor of the Town Hall - internal refurbishment/redecoration/services upgrade including heating and lighting	212
7(c)	Replacement of boilers (original budget estimate)	108
	TOTAL	£475

10. Phase 7 (c) of the project is now estimated to cost £136,020 compared to the approved budget of £108,000 as shown in table 1 above. The original budget was based on a like for like replacement however the works now specified include zonal control measures to allow for greater control and influence of temperatures.
11. The additional costs referred to above can summarised in the table below:

Table 3 – Summary of additional costs

Element	Cost £(000)
Council chamber furniture – Phase 6	47
Boilers/heating system – Phase 7 (c)	28
General overspend on works – Phases 7(a) & (b)	60
TOTAL	£135

12. The MTFs Financial Outturn report presented earlier on the agenda for this Committee refers to these additional costs and proposes a transfer to the Accommodation Project Reserve in the sum of £135,000 (to be met from the favourable revenue outturn position) as a means of providing the necessary funding for these additional costs.
13. An open tender procurement was agreed and enquires were sought for the Replacement Boiler Installation Project in April 2017. The Council placed this tender on the Pro Contract 'Chest' North West Portal
14. The tender request was based on drawing, specification and Pre Construction information.

Tender Responses

15. Seven tenders were received by the return date Friday 5th May 2017. Tenders were received as detailed in the table below:

Table 4 – Tenders received for phase 7 (c)

	Company	Quote
1.	CMB Fylde Ltd	£115,965.00
2.	G Sanderson Ltd	£118,471.30
3.	James Mercer Ltd	£129,701.04
4.	Midland CHS Ltd	£146,559.00
5.	MDMS Ltd	£155,132.00
6.	Warmer Heating Ltd	£155,838.93
7.	Linear Control	withdrawn

16. The lowest tender received by the due date was £97,475.00 submitted by G Sanderson Ltd. However no detailed breakdown was received. Following discussions with G S Ltd both an omission and arithmetical error was found. When corrected the submission by G S Ltd was recalculated raising their figure to £118,471.30. They declined to stand by their tender at £97,475.00. The lowest tender was therefore received from CMB Fylde Ltd in the sum of £115,965.00.
17. An arithmetical and technical check has confirmed that the tender figure is correct. All items have been priced and included in the tender sum. All works subject to VAT at current rate
18. A breakdown of the cost of phase 7 (c) is set out in table 5 below.
19. As part of approving the spend on any capital project the report in accordance with the Financial Procedure Rules needs to address a number of detailed issues which are set out overleaf:

Table 5 – Cost breakdown phase 7 (c)

Element	Costings
New boiler installation, control panel, building management system and associated works	110,965
Builders work	9,980
Sub-total	120,945
Contingencies	5,000
Sub-total	125,945
Design & supervision fees 8%	£10,075
Totals	£136,020

20. 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 disposal of that site.
21. 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 in table 6 below.

Table 6 – Specification summary

Specification summary

Phase 7 (c)

Stripping out the existing boiler house and fittings, replacing with new boilers, controls, pumps, building management system and associated works, together with electrical installation, decoration & builders work.

22. 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. The installation of new boilers and associated controls should reduce the cost of heating
23. A risk assessment is attached to the report at **appendix 1** which identifies those matters which require attention and mitigation.
24. It is planned (as with previous phases) 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. Whilst the Public Offices remains available this will be used for decanting purposes. 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.
25. Relevant drawings and documents will be supplied to the contractor which forms part of the contract to be awarded.
26. Phase 8 Car park, external works and landscaping will be undertaken using in house capacity and existing capital and revenue resources and would be commenced during the latter half of 2017.

IMPLICATIONS	
Finance	The report proposes an increase in the value of the Accommodation Project (Phases 6 & 7) within the approved Capital Programme in the sum of £135,000 to be met in full by the additional transfer to the Accommodation Project Reserve as proposed as part of the 2016/17 MTFS Financial Outturn report presented earlier on the agenda for this Committee; The report requests authorisation of the commencement of the proposed works in relation to the Accommodation Project in the sum of £136,000 for Phase 7 (c), including design and supervision fees and the letting of the contract for the proposed works in phase 7 (c) to CMB Fylde Ltd in the sum of £115,965 as detailed within this report.
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	CONTACT DETAILS	DATE
Paul Walker	01253 658431	8 th June 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Council, Cabinet, Portfolio Holder and Programme Committee reports	31 st August 2010 (Cabinet) 15 th December 2010 (Cabinet) 16 th November 2011 (Cabinet) 15 th February 2012 (Cabinet)	http://www.fylde.gov.uk

and minutes	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) 3 rd August 2015 (Finance & Democracy Committee) 30 th November 2015 (Finance & Democracy Committee) 14 th December 2015 (Council) 22 nd February 2016 (Finance & Democracy Committee) 26 th September 2017 (Finance & Democracy Committee) 17 th October 2017 (Council) 23 rd January 2017 (Finance and Democracy Committee)	
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Attached documents

1. Risk Assessment