

Report Title: **Capital Projects Update**

Report of: **Andrew Gill, Interim General Manager, Alexandra Palace & Park Charitable Trust**

**1. Purpose**

- 1.1 To update the Board on the progress on Capital Projects during 2010/11.
- 1.2 To advise the Board of the planned bid to the Council for Capital funding in 2011/12

**2. Recommendations**

- 2.1 The Board is asked to note the progress report on the Capital projects.
- 2.2 The Board is asked to endorse the proposed bid to the Council for further Capital funding for 2011/12
- 2.3 The Board is asked to note that it will receive further updates on the matters covered by this report at future Board meetings.

Report Authorised by: **Andrew Gill, Interim General Manager**



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**3. Executive Summary**

- 3.1 The Ice Rink replacement is proceeding to budget and programme completion date of the 10<sup>th</sup> December 2010. The project is currently one week behind on the groundwork's and action is being taken to mitigate the delay.
- 3.2 The dilapidations works are proceeding to programme, £200k of monies have been committed/spent at the time of writing and a further £230k will be committed to the external and internal dilapidation works during September 2010.
- 3.3 A further bid of £500k is to be made to the Council for capital funding during 2011/12 to replace the Fire Alarm systems and further address the external fabric of the building.

**4. Reasons for any change in policy or for new policy development (if applicable)**

## **5. Local Government (Access to Information) Act 1985**

5.1 No specific background papers were used in compiling this report.

## **6 Progress Report on 2010/11 Capital Expenditure**

### **Ice Rink Replacement**

- 6.1** The sum of £2.266 million has been secured from the Council via Prudential Borrowing to replace the Ice Rink. This will be repaid over a period of 12 years from the resulting increased operating profits of the new facility. Interest will be charged on this loan at a rate of 3.59%.
- 6.2** An additional sum of £66,461 has also been approved by the Council's Sustainable Investment Fund (SIF) programme for a low emissivity ceiling for the ice rink. This sum will be repaid to the Council from the resulting energy cost savings delivered from the new ceiling over a five year period. This loan does not attract interest.
- 6.3** The underground piling works have been completed and the base of the new ice rink has been constructed.
- 6.4** The toilet, changing rooms and front kiosk are all undergoing refurbishment works.
- 6.5** The new Ice Rink equipment is being manufactured by ICETECH UK.
- 6.6** The project is proceeding to a revised contract completion date of the 10<sup>th</sup> December 2010. The project is reporting one week behind on the groundwork's which is on the critical path and Lengard are implementing mitigating actions to bring the programme back on schedule.
- 6.7** Should the project complete late due to the fault of the contractor, there are liquidated damages set against the contractor. These are likely to be enforced by the Project Sponsor, the Interim General Manager with support from the Project Board.

### **Dilapidation Works**

- 6.8** As detailed in the previous reports to the Board, APPCT obtained a capital grant from the Council for 2010/11 of £500,000. To date £200k has been committed/spent and a further £230k will be committed during October on the external and dilapidation works. The following is a progress report on works:-
- 6.9 Internal Dilapidations (£100k Budget)**
- 6.9.1 A contract has been commissioned through the Council's Framework to complete the internal dilapidation works.

6.9.2 Work priorities have been agreed with APTL, surveyed and budget costed. (i.e Palm Court Entrance, Londesborough room, Phoenix Toilets, Palace Suite, Palm Court meeting rooms and new visitor reception point in the Palm Court). A mobilisation programme is being developed and the works will be undertaken over the next 2 to 3 months, programmed to ensure they do not impact on the scheduled trading activities.

## **6.10 External Building Dilapidations (£130k Budget)**

6.10.1 A contract has been commissioned through the Council's Framework to produce a detailed survey of the building external fabric.

6.10.2 The report which has recently been received prioritises and budget cost the minimum works that need to be undertaken to ensure the deterioration of the fabric is arrested. It is estimated a sum of £428k needs to be invested over the next 10 years with much of this expenditure within the next 2 to 3 years. This will provide a minimal investment on the structure to keep it safe and water proof; these monies will not however address the severe fabric dilapidations in areas of the East wing (e.g. Theatre).

6.10.3 During this survey the area along the South terrace adjacent to the Panorama Room has been found to be in an extremely poor condition. Preliminary works have already been undertaken and structural engineers are devising the most economic solution for repair. The old channel steelwork that supports the arches has badly corroded and caused brickwork to fail. While it is believed that catastrophic failure is unlikely, there is an urgent need to get these repairs underway before the winter.

6.10.4 Work is proceeding with a possible design solution of underpinning the arches with extra steelworks concealed from view by the decorative wooden frontages. Discussions will shortly be held with the Council's Design & Conservation Team and English heritage before work proceeds.

6.10.5 The detailed Asset Management plan for the external structure will be presented in a future paper to the Board.

## **6.11 Fire Alarm Upgrade/Replacement (£40k Budget)**

6.11.1 A contract has been commissioned through the Council's Framework to carry out a feasibility study on the condition and compliance of the existing fire and evacuation systems.

6.11.2 The report has identified that the existing system has reached the end of its working life and is in need of replacement. In some aspects such as the audible evacuation equipment the system does not conform to current standards. The system is also very unreliable and subject to numerous false alarms, which has resulted in complaints from the London Fire Brigade. The report has identified that the budget for replacement would be in the order of £450,000.

6.11.3 Work is now proceeding with the detailed design and specification for a replacement system for the site and the proposed capital expenditure will form part of a capital bid to the Council for 2011/12.

## **6.12 Theatre (£50k Budget)**

6.12.1 A contract has been commissioned through the Council's Framework to produce a detailed survey of the Theatre structure and fabric.

6.12.2 This report has confirmed that the internal structure is in a very poor condition and unsafe for general use.

6.12.3 Key findings are:-

- Lime mortar deterioration in the wall bonds
- Roof structure problems with roof trusses detached in places and rafter splitting due to deflection.
- Differential settlement of the structure (i.e. ridge of roof undulates)
- Dry rot in parts of the wooden structure. (Being actioned immediately)
- Plaster on walls detached and in danger of collapse
- Plaster lath ceiling collapsing in places
- A major investment would be required to re-turn the facility back to an operational condition.
- To simply net the internal structure to prevent danger to personnel would cost in the order of £100k, assuming that the structure can carry the extra loading which would need to be confirmed.

6.13.4 Further works have been suspended on this project while discussions are held between English Heritage and the "The Friends of the Theatre" to assess the way forward.

## **6.13 Upgrade of the Data/Comms Cabling Infrastructure (£50k Actual)**

6.13.1 The data/comms cabling infrastructure has now been upgraded and the new systems went live on the 2<sup>nd</sup> August 2010. This provides an improved performance and a platform to link other business systems on the network.

6.13.2 As part of the potential business improvements a new telephone system has been tendered for and these tenders are currently being evaluated. The results of this process will be included in a future Board report when the information has been fully evaluated.

## **6.14 External Hydrant Main (£5k Budget)**

A contract was placed with a pipeline expert "Germanischer Lloyd Industrial Services" to carry out internal inspections and leakage detection of the underground hydrant main. The results of this work will be available later in the September. This will assist the development of an action plan to repair/replace this facility which has been long term problem at Alexandra Palace. Early indications are that the internal condition of

the pipe work is poor in some areas and there may be some underground leakage which is currently un-detected.

## **6.15 Other Funds (£125K Budget)**

6.15.1 Monies have been released to purchase barriers to support APTL operations and site security; improving the external signage and carpeting the West Hall.

6.15.2 New carpet tiles have been purchased for the West Hall to address the premature failure of the floor coating installed in 2009. This will address the problems being experienced by APTL in letting this area. Discussions have been held with Haringey Legal Services with view to pursuing a claim against the contractor who completed these works.

6.15.3 Monies have also been allocated to a strategic review of the IT systems across the site and the additional server necessary to support a Time and Attendance system.

6.15.4 There is currently a sum of £20k held in reserve as a contingency.

## **7. Proposed 2011/12 Capital Bid to the Council**

7.1 The capital bid to the Council in 2009 requested a sum of £1.0 million per annum for 2010/11, 2011/12 and 2012/13 to address dilapidations at Alexandra Place. The Council's Cabinet awarded a capital grant of £500k for 2010/11 and agreed in principle to the sum of £500k being available in 2011/12.

7.2 Whilst the £500k capital grant for 2011/12 was agreed in principle, the Trust still needs to submit a bid to release the funds.

7.3 An updated business case is therefore being submitted to the Council for the release of a further £500k for the 2011/12 financial year. The substantial part of these monies would be targeted at:-

### Priority 1 Areas:

- Replacement of the fire and evacuation systems across the site.
- Urgent repairs to the external fabric.

### Priority 2 Area:

- Internal dilapidations (subject to the availability of funding after P1 completed)

7.4 A detailed Project Initiation Document will be submitted to a future Trust Board meeting for the Board's approval once the reports currently being carried out have been returned.

## **8. Consultation**

- 8.1 Progress on capital and major revenue works is reviewed on a monthly basis at Facilities Meetings between senior management of the Trust and APTL.
- 8.2 Regular progress reports are submitted to the APPCT Board throughout the year.

## **9. Legal and Financial Comments**

- 9.1 The Head of Legal Services had no comments on the report, but noted that they were supporting the Trust on the issue of the premature failure of the floor coating in the West Hall
- 9.2 The LBH Chief Financial Officer notes the contents of this report.

## **10. Equalities Implications**

- 9.1 There are no perceived equalities implications in this report.

## **11. Use of Appendices / Tables / Photographs**