

Report Title: **Capital Projects Update March 2011**

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

### **1. Purpose**

1.1 To update the Board of the progress on Capital Projects during 2010/11 and the outline planned programme during 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 note that the proposed 2011/12 capital expenditure programme will be submitted for approval at the Board's meeting on 9<sup>th</sup> May 2011.

2.3 The Board is asked to delegate to the Interim General Manager, as Project Sponsor, the negotiation and settlement of the final account payable to the contractor in the matter of the Alexandra Palace Ice Rink Refurbishment Project, including the sum of any compensation or liquidated damages payable to the Trust.

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



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### **3. Executive Summary**

3.1 The following report provides a progress report on the capital project works that have been undertaken during 2010/11.

3.2 The Council has approved the allocation of £500,000 capital expenditure during the 2011/12 financial year.

3.3 An independent review and report on the condition of the Palace fabric, structure and vital building services has been commissioned and its findings are expected to be received during March 2011.

3.4 The planned programme of capital expenditure for 2011/12 will be submitted for approval at the Board's meeting on 9<sup>th</sup> May 2011.

**4. Reasons for any change in policy or for new policy development.**

Not applicable

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

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

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

**6 Ice Rink Replacement**

- 6.1 Practical completion for the Ice Rink project was agreed on the 10<sup>th</sup> January 2011, which was 4 weeks later than had been scheduled.
- 6.2 The formal opening of the facility took place with an “Ice Gala” on Friday 21<sup>st</sup> January 2011. Since this time the new facility has operationally performed well and the facility has attracted good public support.
- 6.3 The current AP Project Team forecasted cost for the project is within the approved cost plan and discussions are continuing between the Team and the Principle Contractor to finalise the account. The project contingency however has been virtually exhausted and the Principal Contractor is trying to justify some additional works
- 6.4 In accordance with the Terms and Conditions of the contract, the AP Project Sponsor (the Interim General Manager representing the Project Team) is seeking compensation in the form of liquidated damages for the 4 week delay which resulted in lost profit over the Christmas period.
- 6.5 The Principal Contractor is currently trying to justify a further extension of time to the project programme to mitigate the programme delay. This is based on a number of issues, one of which was the exceptionally inclement weather conditions experienced in December 2010.
- 6.6 The Project Sponsor is continuing to review and discuss these issues at a senior level with the Principal Contractor and the Board will be briefed further once these discussions have been finalised.
- 6.7 In order to facilitate these negotiations and to avoid delay in reaching agreement, this report requests that the Board delegates to the Interim General Manager the negotiation and settlement of the final account payable to the contractor, including the sum of any compensation or liquidated damages payable to the Trust. This is on the assumption that the sums involved in any settlement are less than 5% of the contract value.
- 6.8 At practical completion a snagging list was issued for the project. Some of the items on this list are still currently outstanding (e.g. poor maintenance access,

blocked drain). The Interim General Manager instructed the AP Project Team to issue a "Written Instruction under the JCT Contract" instructing the Principal Contractor to address these items with immediate effect. Since this action the Principal Contractor has mobilised a small team on site to address these items.

## **7 Dilapidation Works**

The spend from the Council Capital grant for 2010/11 of £500,000 is currently forecast to be £450,000. The balance of £50,000 has been requested to be carried over into 2011/12 to mitigate any outstanding claims.

The following is a progress report on the works that have taken place:-

### **7.1 Internal Dilapidations**

The Palm Court meeting rooms have been refurbished with improved lighting, false ceiling, re-decoration and new flooring.

The Palm Court West Entrance refurbishment works are in progress with the stone steps being refurbished and/or replaced together with the repainting of the entrance. This work is scheduled for completion by the end of March 2011.

### **7.2 External Building Dilapidations**

Work has commenced on the high priority works previously reported on the external fabric. Abseiling techniques and high lift work platforms are being used to remove loose render and brickwork and removing the plant growth that has taken place. This phase of work is scheduled for completion by the end of March 2011.

### **7.3 Structural Steelwork Survey of Basement Level**

A detailed survey of the basement steelwork has now been completed, which has identified several areas requiring attention. The number of serious structural failures identified so far is few. However the structural engineer reported that: - *"if the conditions leading to the deterioration in condition of building fabric are not addressed urgently, then the number of structural failures and the extent of deterioration will increase quite significantly"*.

Work has now commenced on the implementation of the report's recommendations. (e.g. steel supports to fractured trusses and addressing water ingress causing corrosion).

### **7.4 Fire Alarm Upgrade/Replacement**

The design and specification for the new fire detection and evacuation system is now complete. Invitations to tender went out to five recognised fire alarm contractors on Friday 11<sup>th</sup> March 2011 and the tenders are due back in four weeks. It is scheduled that a report on this item be submitted to Board meeting on 9 May 2011 and no decision will be taken on contract award until that Board meeting.

## **7.5 Theatre**

The dry rot treatment, making safe some areas of structural decay and the removal of old debris/ pigeon guano from areas is now complete. This area still remains a restricted access area owing to the poor condition of the internal fabric

Discussions have taken place with English Heritage and a sum of £20,958k has been released to Alexandra Palace for works that have been carried out in previous years on the under-stage areas.

## **7.6 Upgrade of the Data/Comms Infrastructure.**

A full IT system review has been completed which has endorsed the need to improve the system bandwidth which is currently a maximum of 2MB/sec, which is very slow and imposes severe restrictions on APTL. The Review also endorsed the urgent need to replace the telephone system owing to the system's age and obsolescence. APPCT are currently working with the Councils Data/comms team in upgrading the bandwidth to 10 Meg Bits/sec and reviewing the most economic way of upgrading the telephones.

## **7.7 Other Funding: Signage**

Work is now in progress by APTL on Phase 1 of the improvement of the signage across the site and the Board will receive further updates on this as appropriate.

## **8. 2011/12 Capital Bid to the Council**

The Council has approved the allocation of £500,000 capital grant to APPCT during the 2011/12 financial year.

As part of the bid process the Interim General Manager submitted a paper detailing a 10 year programme of "steady state" investment needed to keep the site operational and to avoid site closure. At the instigation of the Chair, an independent review and report on APPCT's assessment of the condition of the Palace fabric, structure and vital building services has been commissioned. This report is expected during March 2011.

The results of this report may influence the priorities of the proposed capital expenditure programme for 2011/12 which will be submitted to the Board for approval at its meeting on 9 May 2011.

## **9. Consultation**

9.1 Progress on capital and major revenue works are reviewed on a monthly basis at the Facilities Meetings between senior management of the Trust and APTL.

9.2 A specific meeting between senior management of the Trust and APTL has been scheduled to discuss the programming and precise timing of works in order to keep disruption to the trading activity on site to a minimum.

9.2 Regular progress reports will continue to be submitted to the Board throughout the year.

## **10. Recommendations**

- 10.1 The Board is asked to note the progress report on the Capital projects.
- 10.2 The Board is asked to note that the proposed 2011/12 capital expenditure programme will be submitted for approval at the Board's meeting on 9<sup>th</sup> May 2011 meeting.
- 10.3 The Board asked to delegate to the Interim General Manager, as Project Sponsor, the negotiation and settlement of the final account payable to the contractor in the matter of the Alexandra Palace Ice Rink Refurbishment Project, including the sum of any compensation or liquidated damages payable to the Trust.

## **Legal and Financial Comments**

- 10.1 The Trust's solicitor has no comment on this report
- 10.2 The Council's Head of Legal Services had no specific comments on this report.
- 10.3 The LBH CFO notes the contents of this report.

## **11. Equalities Implications**

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

## **12. Use of Appendices / Tables / Photographs None**