

Report Title: **East Wing Restoration Project Report**

Report of: Emma Dagnes, Deputy Chief Executive, Alexandra Park and Palace

1. Purpose

1.1 The report updates the Board on the progress on the East Wing Restoration Project.

2. Recommendations

2.1 That the Board note this report.

Report Authorised by: Louise Stewart, Chief Executive Officer, Alexandra Park and Palace

Contact Officer: Natalie Layton, Executive Assistant, Alexandra Park and Palace,
Natalie.layton@alexandrapalace.com, Telephone: 020 8365 4335

3. Executive Summary

3.1 The overall RAG (Red Amber Green) status remains at Amber due to a 3.5 week slippage to the critical path which now places client occupation at end-January 2018; however discussions continue with the Contractor to retrieve lost time and bring completion back to the original date of end-December 2017.

3.2 The project is now in the final 7 weeks of RIBA Stage 4 (Technical Design). The interim update of the Cost Plan, now completed, shows an adverse variance of £411k from Stage 3 to Interim Stage 4. Though this sum could be allocated against the project contingency of £1.85m, the directive is to continue to explore value engineering solutions to bring the Cost Plan back in line with Stage 3.3.3 RIBA Stage 4 Review will take place during late April with a Trustee Workshop being organised for 24th May 2016.

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

N/A

5. Local Government (Access to Information) Act 1985

N/A

The Programme Board met on the 14 March 2016. The Programme Board were presented with the third highlight report for the East Wing Project which forms the basis for the report which is being presented to the Trustees today.

6. Enabling Works Management Summary

The Contractor has appointed an independent asbestos specialist to assist with the technical aspect of interpreting the various asbestos reports / data and surveys and providing an on-site resource to review any issues arising. During this reporting period, further asbestos sampling and testing has been undertaken which has identified additional areas which are contaminated with asbestos (within the floor voids in the BBC Corridor and the ceiling void above the Studios). Meetings have been held with the Contractor, asbestos specialists and the Design Team to discuss/agree measures for cleaning, encapsulation or containment.

The additional asbestos findings will have an impact on a number of areas including design approach to asbestos cleaning / encapsulation / containment, enabling works phases and budget, with an indicative figure for additional asbestos removal increasing costs by at least £200k.

The Design Team have also been developing a programme of “opening up” works deemed necessary to provide greater understanding of specific building elements to allow more prescription and certainty to be added to the design and specification with the aim of de-risking areas to achieve further cost certainty. FCBS (architects) have coordinated an initial list to which they are adding further commentary.

A new Monday morning meeting is now in place between the Contractor’s site staff and Trust staff to ensure there is understanding of the week’s work and any matters arising from the previous week. This is also the opportunity to identify any potential construction / event clashes that have not been discussed before.

The Contract documentation for this work has been concluded by LBH external lawyers with engrossment scheduled for the end of March.

The £1,145,983 contract date was 15 December with a 4-week mobilisation period. Official start on site was 25 January 2016 with an estimated completion date of 17 June 2016. The Enabling Works are not on the main critical path. The first valuation and payment was made for the end of February and the Cost Consultants have produced the first cost report for March.

7. Pre-Construction Services Agreement (PCSA) Summary

The pre-construction works is associated with the development of Stage 2 of the construction (the Main Works). Whilst the construction contract is Traditional (where the design process is kept separate from the construction process) there are currently 27 design portions that the Contractor is effectively providing a Design and Build Package for. This is because there are some elements of the project that will require a specialist supply chain to undertake the detailing of the work. The PCSA enables the Contractor to work collaboratively with the Design Team, Cost Consultant and PM/Trust.

The Design Team have been working with the Contractor on a schedule of dates to release packages of drawings to the Cost Consultant for pricing. The more significant packages will be released from 14 March to 11 April, with the final package released for pricing in early May.

The Contractor has provided a price for the works required to relocate the existing Skate Hire operation to release the space for the new finishing kitchen. These works will be undertaken as part of the Enabling Works package. The Contractor and the Trust will work together to ensure Ice Rink staff and customers are fully informed about the changes in advance.

The PCSA Contract is targeted with a completion by the 19 September 2016. The contract documentation for this work is being concluded by LBH external lawyers with engrossment anticipated for late March.

8. Design Stage

The project is now in the final 7 weeks of RIBA Stage 4 (Technical Design) with the interim update of the Cost Plan now completed, showing an adverse variance of £411k from Stage 3 to Interim Stage 4. Though this sum could be allocated to the project contingency of £1.85m, the directive is to continue to explore value engineering solutions to bring the Cost Plan back in line with Stage 3.

Buildability (a pre-construction exercise that looks at the design from the perspective of those that will manufacture, install components and carry out construction works) and technical advice meetings have been taking place focusing on where efficiency savings can be sought. Particular focus has been given to the East Court floor solution both in terms of the floor slab itself and the finish of brick pavers. As the floor covers 1780m² this is a considerable costs to the project.

A Value Engineering and Stress-Testing Workshop took place on the 07 March identifying 85 areas for further value engineering consideration (areas that could reduce costs by using alternative more cost effective methods or materials, or areas that could be removed entirely and completed at a later date). As a value engineering decision is never an isolated one, further interrogation is required to assess the impact on programme and the associated cost implications of implementing the changes.

9. BBC Studios Summary

The target date for the completion of the design packages for the BBC Studios is running slightly behind the scheduled date of 11 April as the discovery of additional asbestos contamination has had an impact on final designs.

Progress to the Enabling Works within the BBC Studios area have also been somewhat hampered owing to the discovery of additional asbestos contamination as noted under *Enabling Works Summary* within this report. The Contractor has also been progressing the identification and isolation / disconnection / removal of mechanical and electrical services, especially those which are now made inaccessible by asbestos contamination. They have also been undertaking some soft strip-out works to the colonnades and ground floor areas within this work zone.

The Contractor has managed to avoid the need for hoarding on the South Terrace for the removal of non-hazardous waste materials from the Studio and Colonnade Area by installing an external temporary scaffolding tower adjacent to the BBC reception area. This work has now been completed, and the temporary stair has been removed.

10. East Court Summary

The sample brick floor area is still to be replaced following initial problems with the grouting sample. The final solutions for the floor layout and banners still remain with the design team.

11. Theatre Summary

The survey of the Theatre ceiling (undertaken by plaster specialists Hayles and Howe) has now been completed and the report on its findings has been issued. Hayles and Howe have been working with the Design Team and Cost Consultants on the recommendations in their report and the implications of those recommendations. Further discussions will take place with the Contractor.

In early February, key members of the APP team visited a number of sites in London to meet with Theatre Managers and discuss a range of issues including operations management, ticketing, seat colours, ceiling treatments and equipment specification. Sites visited included the Roundhouse, the Palace Theatre and Theatre Royal Drury Lane.

The Contractor has established a second asbestos decontamination zone in the Theatre Courtyard to undertake asbestos removal works to the NE Tower, ground floor and basement.

12. Archives, Collections and Interpretation Summary

The Trust has had a number of conversations with Bruce Castle Museum regarding access to the Park and Palace's archives and collections. An SLA has been drafted and is currently being reviewed by LB Haringey's legal team.

Conversations are ongoing with the University of Hertfordshire with regards to an oral histories project, and the APP team are currently focussing on putting together an online exhibition on the first broadcast, the anniversary of which falls on 02 November 2016.

There has been a considerable amount of progress made in defining the narrative and themes within the Gallery section of the BBC Studios. Work has also continued on the conceptual development for the Digital Media (AV) and Media Lab elements of the Studios.

13. Fundraising Summary

There has been no change in the fundraising position, in terms of money raised, since the last Board report. Achieving or underwriting the £1m is an explicit condition of the HLF granting approval to progress to Stage 2 of the works (Main Works). The £1m has now been underwritten using APP Charitable Trust (APPCT) reserves held at LB Haringey. HLF has agreed the underwriting. This enables the project to proceed subject to finalisation of designs costs and delivery and final approval by the APPCT Trust Board later this year.

The new Director of fundraising started on 21st March and the addition of this role at the more senior level and greater experience will enable us to increase our fundraising efforts.

14. Operations / Transformation Workstreams

Operations engagement

The APP Operations Team are working up plans for the East Lightwell entrance on the South Terrace to become the new entrance for the Ice Rink prior to the Main Works commencing. This is because the East Court will be handed over to the Contractor in the autumn, and will no longer be accessible to staff or members of the public.

The Operations Team meet fortnightly to discuss a range of key operational issues including the East Car park, ticketing, storage, the East Court retail offer, catering and toilets.

Some staff attended an Asbestos Awareness training workshop delivered by the Contractor on the 08 February 2016. A further workshop will be arranged for April for more APP staff to attend.

Benefits Realisation / Project Close

A review of the business benefits and the 2015 Business Plan will be undertaken in late Spring 2016 to better inform the future reporting process. A Project Area Close Process will be developed to coincide with the completion of the Enabling Works. The Project Manager is looking at proposals for the future Operations and Management files which will be handed over at Practical Completion to ensure they accord to the Trust's standards and requirements.

Appointments

Owing to the significant programme of regeneration at the Palace, the appointment of a Clerk of Works is required to support the Project Manager, Design Team and Palace staff during the construction phases and monitor the Contractor and report regularly. This is particularly important given the scale, complexity and heritage significance of Alexandra Palace.

Following a competitive tender process using a framework, John Burke Associates were appointed as the restoration project's Clerk of Works. This appointment will be funded from existing HLF budgets.

15. Construction Workstream

An Inception Workshop was held with the whole professional Design Team and Contractor which set out the common values of the project and enabled the teams to understand each other's priorities.

Workshop Aims included:

- Develop a team ethos
- Ensure a real understanding of the context of the key parties in the project
- Ensure a real understanding of the Project Brief and the key elements
- Understand the client's priorities

- Understand the design brief and development
- Understand WD pre-construction priorities
- Understanding APP customer requirements
- Establish effective working arrangements
- Bring focus to an agreed Action Plan

Examples of comments from the day included: “*Very productive*”; “*Helpful to have such an open dialogue*” and “*Great workshop, good to see buy-in across the teams to dates and actions*”.

16. Programme Budget Reporting

Expenditure at the 29 February 2016 is in line with anticipated spending and mainly involves professional design and associated fees and support delivery costs. A fourth drawdown claim to the HLF has been made for the month of February, and includes the first Contractor payment for the Enabling Works.

17. Funding Sources

Confirmation of funding sources:

Heritage Lottery Fund	£18,850,000
Haringey Council	£6,793,775
Fundraising/underwritten sum	£1,094,128
Total Delivery Budget	£26,737,903

18. Alexandra Palace Project Cashflow

The below table shows critical points in the project where there will be cashflow gaps due to the timing of drawdowns from the HLF and the release of match-funding from LB Haringey. LB Haringey have confirmed that they will support the project during these times so the KPI’s are met on invoice payments.

19. Legal Implications

The Council’s Assistant Director of Corporate Governance has been consulted in the preparation of this report and confirms there are no legal implications at this stage.

20. Financial Implications

The Council’s Chief Financial Officer has been consulted in the preparation of this report and has no additional comments to make.

21. Appendices

Appendix 1 – Drawdown Against HLF and LBH Grants

18. Drawdown against HLF and LBH Grants

Based on HLF approved project budget							
Programme Delivery	Original Delivery Budget	Adj Cash Limit Budget	Actuals to date To end Feb 16	Claim to HLF Total To Feb 2016 Total £18,850,00	Claim to LBH Total to Feb 16 Total £6,793,775	Fundraising Received	Totals claimed/Received
	£	£	£	£	£	£	£
Construction including Repair and conservation, other capital works including external works, landscaping and other preliminary costs including risk inflation	20,487,800	20,487,800	233,301	163,3100	0		
Professional Fees and surveys	2,796'692	2,796'692	949,030	664,321	0		
Activity Plan – training, equipment, professional fees – 3 year	852,660	852,660	0	0	0		
Delivery costs and evaluation -4 year	440,379	440,379	54,765	38,336	0		
Programme Contingency:	2,160,372	2,160,372	0	0			
Sub total	26,737,903	26,737,903	1,237,096	865,967	500,000	91,344	1,255,969