

ALEXANDRA PARK AND PALACE
CHARITABLE TRUST BOARD
19th JULY 2016

Agenda Item: 13

Report Title: East Wing Restoration Project Report

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

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

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

Purpose:

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

Local Government (Access to Information) Act 1985

N/A

1. Recommendations

1.1 To note this report.

2. Executive Summary

2.1 The overall RAG (Red Amber Green) status of the Project is now Red, as previously reported to the Board. This is principally associated with the expected delays for the delivery of Stage 4 design and issue of tender information to the contractor. Delays are also occurring on the Enabling Works Contract, as a result of the additional asbestos found in the BBC Studios (previously reported) and other areas, these works are not on the critical path and will not affect the overall completion date.

- 2.2 Costs are still being contained within the overall project budget.
- 2.3 A Trustee Workshop took place on 24th May 2016 to inform Trustees of the latest and final designs.
- 2.4 Following assessment and review to ensure the overall project is still within budget the final tender from the Contractor will be presented to a special Board meeting in October 2016.
- 2.5 The Programme Board has met monthly and at its meeting on 27th June was presented with the fifth highlight report for the East Wing Project which forms the basis for this report.

3. Enabling Works Management Summary

3.1 BBC Studios

- 3.1.1 The asbestos removal/ decontamination/ encapsulation works to the BBC studio walls has been completed and recorded on the asbestos register including allowing for a Perspex panel over some of the original Victorian wallpaper in Studio B. The methodology has been reviewed and approved by Historic England and Haringey Council's Principal Conservation Officer.
- 3.1.2 Removal of asbestos from the ground floor areas is underway. Whilst lifting floor boards to remove asbestos in the BBC studios, the contractor discovered a 'pug' floor meaning an additional layer of cast in light weight screed sits on top of the floor joists under the boards. This was not identified on any survey work and is prevalent throughout the entire floor void of Studios A and B. This form of construction was originally used to provide additional sound proofing qualities. The existence of this material is preventing the removal of the asbestos within the void below the pug floor and therefore it will need to be broken out and taken away. Some initial sampling and testing has been undertaken and further analysis to follow at which point it should be possible to remove. This will inevitably add further delay to the removal of the asbestos works, although on its own should not impact the commencement of the main works in this area.
- 3.1.2 The presence and removal of the additional asbestos will result in a delay to the completion of works of circa 12 weeks. The contractor has submitted notification of potential claims for delayed activities as a result of the unexpected finds. The time delay will be exacerbated by the discovery of the 'pug' floor. Programme and cost implications related to this are currently being assessed. This part of the Enabling Works is not on the programming critical path.
- 3.1.3 Demolition works in the kitchen have been completed and works to the BBC foyer are well under way. Disconnection of previously used services to the BBC wing are also on going.

3.2 Theatre.

- 3.2.1 The Contractor has completed virtually all of the enabling work in the Theatre area. A small section of asbestos removal works remains under the corridor, but this will now take place in conjunction with the wider removal of additional asbestos found under the Theatre floor. Works under the balcony to remove walls began in June.
- 3.2.2 There were additional delays following the Contractor's Engineers reporting that a truss member had been dislodged. This had previously been identified for the main works. Proposals and works required to support the truss earlier in the programme are now being developed by the Contractors' design partners. This will have an impact on the re-commencement of works in this area in particular asbestos removal, further testing/ surveying and any works proposed to be brought forward.
- 3.2.3 The works to bring forward activities from the main works into the Enabling Works Contract were approved by the Programme Board and Chief Executive in May 2016.

3.3 Surveys

- 3.3.1 The Trust's surveyor accessed external areas using Mechanical Elevated Working Platforms/ Cherry Pickers and recorded findings and measurements to improve on information to the Contractor and de-risk the future costing of this element of work.
- 3.3.2 Further cleaning and surveying work to the Theatre ceiling has been agreed to ascertain the extent of decay in plasterwork and 'keying'. Hales and Howe are to provide a scope of works and fee for undertaking this work, which will provide additional clarity on its condition and any further/ additional works required.
- 3.3.3 Willmott Dixon have also provided spot level information on the Theatre sub floor to the Design Team. This has allowed a more accurate analysis and understanding of the profiles (existing and proposed) to be undertaken and relate this back to sleeper wall positions and heights. This work has highlighted that the re-grading of the sub floor profiles required will undermine some of the sleeper walls if the assumed foundation depths are correct. It has therefore been proposed to complete some further tests to establish the depth of affected sleeper wall foundations and construction make up and also condition. This work will be completed following asbestos removal works.

3.4 Enabling Works Costs

The official start date for the £1,145,983 contract was 25th January 2016 with an estimated completion date of 17th June 2016. The Enabling Works were not on the main critical path to achieve overall project completion by Christmas 2017. It is likely that the Contractor will be awarded an extension for the additional asbestos

found, which will mean a completion date in early September. Costs have increased and utilisation of the contingency has an indicative outturn cost of £2.214m. The overall Project is still working within the overall £26.74m budget.

4. Pre-Construction Services Agreement (PCSA) Summary

- 4.1 The pre-construction work is associated with the development of Stage 2 of 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 (Project Manager) /Trust.
- 4.2 The Design Team have been releasing information to the Contractor to release packages of drawings to the Cost Consultant for pricing. The more significant packages have been released early to assist with the overall tender timeline.
- 4.3 The Contractor has now commenced works to relocate the existing Skate Hire operation to release the space for the new finishing kitchen. These works will be completed at the end of July.
- 4.4 The PCSA Contract is targeted with completion by the 19 September 2016. The contract documentation has been signed and with Haringey Council lawyers.

5. Design Stage

- 5.1 The Design Team have been releasing design stage 4 packages for billing during this period and have met to review several others ahead of final 'billing' issue. This is the most significant area of concern for delay to the overall programme.
- 5.2 The most recent target for completion of the design was the 22 May, giving the cost consultants four weeks to conclude the tenders, final 'billing' and issue final packages to the Contractor by the 22 June 2016. Certain packages were issued in advance of these dates. However, monitoring of the issue of information release (Information Release Schedule IRS) indicates that the Design Team are behind the latest target date by at least two weeks. Meeting these dates is critical in meeting the overall programme and delivery by Christmas 2017. Mitigation measures are being considered alongside the development of the Contractor's Main works programme to re-align the overall programme to complete works by Christmas 2017.
- 5.3 A Trustee Workshop took place on 24th May 2016 to keep Trustees informed of the latest and final designs.

6. Archives, Collections and Interpretation Summary

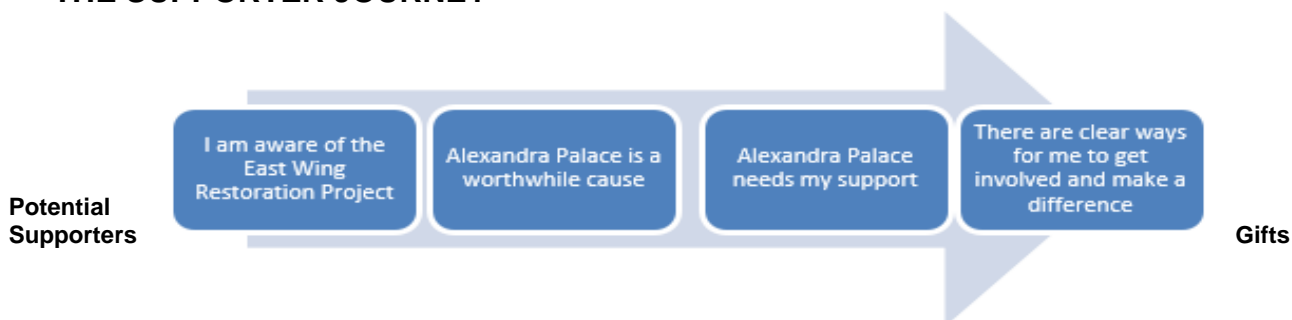
- 6.1 The regeneration team have been working on:
- preparation for the digitisation of collections (awaiting start date from Google);
 - planning the 80th anniversary of television broadcasting celebrations (with the BBC and British Film Institute);
 - assessing & rehousing newly discovered archive material;
 - finalising the object list from National Media Museum for gallery display in the BBC Studios.
- 6.2 Land Studios (the exhibition space and content designer) have presented a complete scheme design walk through for the BBC space and Palace interpretation before moving on with their detailed design. This is a separate piece of the project with procurement routes and finalisation of timelines to be agreed.

The timeline for this separate piece of work is being developed and will be available for the next Programme Board.

7. Fundraising Summary

- 7.1 There has been no change in the fundraising position, in terms of money raised, since the last Board report. The HLF has previously agreed to the £1m underwriting using APP Charitable Trust (APPCT) reserves held by Haringey Council. This enables the project to proceed subject to finalisation of design costs and delivery and final approval by the APPCT Trust Board in October of this year.
- 7.2 The focus of a summer fundraising relaunch is to engage potential supporters with the East Wing Restoration, convince them of the merits of the project, show how their support will make a difference, and offer recognition and gratitude for their gift.
- 7.3 Supporters get involved with causes because they identify with the need, and can see clear ways in which they can make a difference. If the giving experience is positive, it can then become habit-forming.

THE SUPPORTER JOURNEY



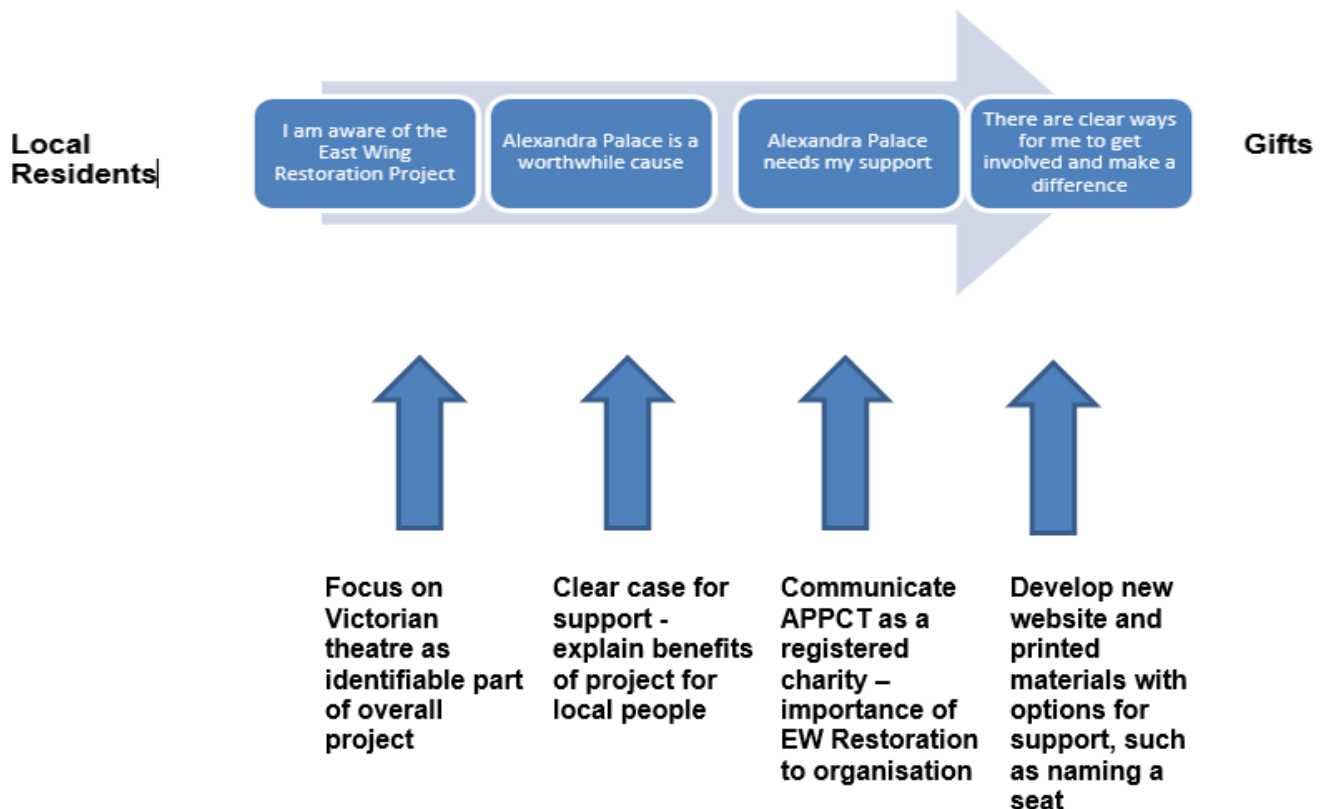
If potential supporters do not know about a project, or what the need for it is, they are very unlikely to make a contribution.

WE NEED TO:

- understand our different audiences
- identify elements of the project that will appeal to those audiences
- develop specific campaign actions that will move them closer towards making a gift
- thank them for their support and encourage them to become advocates for the project
- celebrate success and use it to encourage more people to take part

7.4 Based on this insight we are going to make it easier for supporters to understand different elements of the East Wing Restoration Project and how they can play a part. This summer we will be launching a fundraising campaign specifically focussed on the Victorian Theatre, once that is up and running we will then extend our focus to other elements of the projects including the BBC Studios and the East Court. Alongside this public fundraising drive we are continuing to talk to major funders about how they can get involved in the project. Discussions are currently underway with a potential partner for the BBC Studios.

THE SUPPORTER JOURNEY: EXAMPLE



This fundraising model is based on successful campaigns employed by other London theatres in recent years – most notably, the National Theatre’s NT Futures campaign. Bringing the Victorian Theatre back into use as a regular performance space offers clear benefits for local audiences, community groups and Alexandra Palace itself.

AUDIENCE GROUP	INSIGHT	CAMPAIGN
Local residents	Existing relationship with Alexandra Palace, and often loyalty, but limited awareness of EW Restoration project	Determine aspects of project most relevant and identifiable to this audience group and offer clear ways to support. Communicate through local and neighbourhood channels
Friends / support groups	Strong affection for APP and generally good knowledge of project	Work with groups to develop fundraising initiatives for specific elements of the project
AUDIENCE GROUP	INSIGHT	CAMPAIGN
Ticket buyers and event visitors	Very disparate audience groups, may not have visited APP before or have much knowledge of the place	Work with clients to develop specific initiatives appropriate to each event. Improve communication of project at APP events
Wider public	Potentially large untapped support	Use key anniversaries and partnerships to attract interest and attention. Recruit relevant ambassadors to help increase interest and create stories around the project
Current suppliers and tenants	Wide network of business relationships. All have interest in helping APP achieve its goals	Develop relevant and focused case for support, including role of EW Restoration in achieving overall success for APP. Specific, individual approaches for each supplier / tenant.
Major funders	EW Restoration project faces extremely competitive environment for major funding.	Focused case for support, communicate project successes, and offer opportunities for site visits etc. Recruit relevant ambassadors to help sell the project
Sponsors	EW Restoration will create new opportunities for sponsorship	Identify potential opportunities and sponsors, ensure in line with overall APP objectives.

8. Programme Budget Reporting

- 8.1 Expenditure at the end May 2016 is an increase on anticipated spending due to extra costs during the Enabling Works as reported in above. Appendix 1 gives an indication of expenditure to the end of May.
- 8.2 The Change Order Request (COR) process is now well imbedded in the contract and the Change Control Panel or delegated individuals (in respect of urgent change requests). Thirty-one COR's have been considered to mid June.
- 8.3 Initial Construction contingency of £1.855m has been used to offset the unexpected change order requests principally around unexpected asbestos. With two extensive value engineering exercises completed some £474k has been found. Offsetting

this against contingency used the situation at the end of May was that some £900,000 remains.

- 8.4 All of the costs so far and those future costs will be contained in the overall project budget of £26.74m. An updated cost review is expected from the Cost Consultants as soon as the tender documentation has been issued. The final tender from Willmott Dixon will be returned in September and fully evaluated before being presented to a special Board meeting in October. Only a project within the overall budget will be presented.

9. 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

10. Alexandra Palace Project Cashflow

The cashflow projection has been re-adjusted in recent months so as to avoid 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 Haringey Council. The Council have confirmed that they will support the project during these times so the KPIs are met on invoice payments.

11. Legal Implications

- 11.1 The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report, and has no comments.

12. Financial Implications

- 12.1 The Programme is overall still in budget, risks and issues are being managed and mitigated as part of the programme.
- 12.2 The Council's Chief Financial Officer has been consulted in the preparation of this report, and has no further comments.

13. Use of Appendices

Appendix 1 – Drawdown Against HLF and Haringey Council Grants

Appendix 1
Drawdown against HLF and LBH Grants

Programme Delivery	Original Delivery Budget	Adj Cash Limit Budget	Actuals to date To end May 16	Claim to HLF Total To May 2016 Total £18,850,00	Claim to LBH Total to May 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	828,704				
Professional Fees and surveys	2,796'692	2,796'692	1,068,086				
Activity Plan – training, equipment, professional fees – 3 year	852,660	852,660	0		0		
Delivery costs and evaluation -4 year	440,379	440,379	69,617		0		
Programme Contingency:	2,160,372	2,160,372	0				
Sub total	26,737,903	26,737,903	1,966,407	1,376,485	500,000	91,344	1,863,077