

ALCONBURY WEALD CIVIC HUB – COVID-19 UPDATE

To: Commercial & Investments Committee

Meeting Date: 10th July 2020

From: Chris Malyon (Deputy Chief Executive)

Electoral division(s): All

Forward Plan ref: N/A **Key decision:** No

Outcome: An understanding of construction progress since the last report in December 2019 and the potential programme and cost implications caused by the Covid-19 pandemic.

Recommendation: It is recommended that the Committee:

- a) Note construction progress and development to date which remains within the approved budget.
- b) Note the current additional cost (£125k) and delay [7 weeks] resulting from the Covid-19 pandemic and potential for further impacts, which were not allowed for when setting the current risk contingency budget.
- c) Support the recommended provision of a separate specific £400k Covid-19 risk contingency budget to General Purposes Committee, funded by Prudential Borrowing

| <i>Officer contact:</i> | | <i>Member contact:</i> | |
|--------------------------------|--|-------------------------------|--|
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1. BACKGROUND

- 1.1 In December 2019 milestone four and five updates were presented to Commercial and Investments Committee. This presented details of the design of the building that remained within the available approved £18.337m budget and outlined a construction programme with completion planned in spring 2021.
- 1.2 Work commenced in earnest that month and good progress was made with construction of the foundations and erection of the structural steel frame achieved on programme in March 2020.
- 1.3 The outbreak of the Covid-19 pandemic in March 2020 saw the introduction of government lockdown restrictions on 23rd March 2020. This resulted in the introduction of new legislation in the form of the Coronavirus Act 2020 that granted the government emergency powers to handle the pandemic.
- 1.4 Whilst this gave the government such powers as to restrict or prohibit public gatherings, control or suspend public transport, order businesses such as shops and restaurants to close, it placed no restrictions on or required the closure of construction sites.
- 1.5 The introduction of two metre social distancing requirements, although a recommendation and not law, was widely applied to construction sites to protect the workforce and minimise the risk of spread of infection. It was incorporated into national construction site operating procedures issued by the Construction Leadership Council on 24th March 2020.
- 1.6 Due to the stage of construction of the Civic Hub project the application of these procedures was able to be implemented successfully, primarily due to the type of activities and relative open space available across the site.

2. MAIN ISSUES

2.1 Covid-19 Impact

- 2.1.1 The Council's Contractor, RG Carter (RGC) has continued to keep the site open and operating by following the various iterations of the national guidance. Additional measures have been implemented as required by RGC to achieve the recommended guidance.
- 2.1.2 Whilst the construction site has remained operational, subcontract organisations and suppliers have taken different approaches to the Government guidance, and as a result the availability of labour and materials has been variable. Two particular supply chain subcontractors closed down all operations during the initial 6 week period of lockdown, leading to delays to the provision of metal decking to the first floor and roof and the provision of concrete flooring to the ground floor. Several Early Warning Notices (EWN's) have been raised by the Contractor highlighting the potential impact of this as areas of concern.
- 2.1.3 It has since become apparent that the supply of the curtain walling installation and glazing will be delayed due to manufacturers closing down during lockdown. This will have a direct impact on the programme and at present RGC are reporting a 7-week delay to the contract completion date. This would still see the building complete in spring 2021.

2.1.4 If the project delay is contained to within the current 7 week delay, an indicative cost for this is likely to be approximately £125k, and a high level breakdown is shown below:

| | |
|---------------------------------|----------|
| ○ Weekly Site Prelims (7 weeks) | £92,000 |
| ○ Subcontractor costs | £12,000 |
| ○ Plant & Materials | £15,000 |
| ○ Overhead (Insurances etc.) | £6,000 |
| ○ Total | £125,000 |

It must be noted that these are high level estimates and subject to change

2.1.5 The project team continue to explore mitigation strategies where possible in order to reduce the delay on site. Weekly risk review meetings have been held to understand the implications of Covid-19 on the project.

2.1.5 The risk register and related contingency allowance for this project understandably did not account for the outbreak of a pandemic and allowances were therefore not made. The risk of Covid-19 impacting the project further remains live and the cost and programme impact to the end of the project cannot be fully quantified at this stage. However, based on an estimate of the potential reductions in productivity through to completion and an allowance for further supply chain issues, it is proposed that a specific Covid-19 project risk budget allowance of £400k now be provided. This will be funded by prudential borrowing; the annual cost of this additional prudential borrowing if required will start at £21k per annum, decreasing each year thereafter over 35 years.

2.1.6 This will provide an approved budget to fund any specific Covid-19 impacts and allow the project to progress within the limits of this additional funding.

2.3 General Construction Phase Update

2.3.1 During milestone stage (MS) 6 (Construction Stage) there have been several minor internal changes to the design. The building footprint remains within the 3600sqm maximum area and is currently planned to accommodate 350 desks along with flexible breakout areas, formal meeting rooms and ancillary spaces (toilets, tea points etc.), a public reception, a multi-function room and Party-Political rooms.

2.3.2 A review of the design and specification of the building is currently underway in light of the measures now required to control the spread of the Covid-19 pandemic. The opportunity is therefore being taken now to review the operation of the building before it is commissioned and becomes fully operational next year.

2.3.3 **Appendix A** of this report includes updated floor plans which highlight minor amendments since the last report to this committee.

2.3.4 The key amendments from MS4/5 to MS6 are outlined below:

- The central internal staircase on the office side has been removed from the floorplans to provide more space to suit the required desk layouts.
- The gas supply has been removed from the building and replaced with an air source heat pump located within the car park at an additional cost £161k and was funded from the Client Change Contingency.

- Additional ducting and external power requirements have been included to future proof the building, including for the Solar Array project.
- Amendments to the reception and server layouts have been required to better reflect their likely usage and operation.

2.3.5 The construction progress on site has been good considering the recent challenges faced with Covid-19. The steel frame of the building has now been erected and the concrete decking and stairs are progressing. External cladding is due to commence shortly.

2.3.6 **Appendix B** of this report includes recent images of the building and construction progress on site.

2.4 Cost Update

2.4.1 The overall approved project budget of £18.337m remains unchanged. Actual expenditure to date currently totals £5.262m. A project budget update which reconciles back to the position at the end of MS5 is shown below;

| Budget Item | Agreed MS5 Budget | Actual Spend to Date | July 2020 Forecast |
|------------------------------------|-------------------|----------------------|--------------------|
| Feasibility | 0.137 | 0.137 | 0.137 |
| Estimated Construction cost | 13.282 | 2.824 | 13.933 |
| ICT & FF&E | 1.6 | 0.041 | 1.6 |
| - ICT | 0.80 | 0.017 | 0.80 |
| - FF&E | 0.80 | 0.024 | 0.80 |
| Land | 1.474 | 1.541 | 1.541 |
| Other | 0.779 | 0.339 | 0.639 |
| - Legal fees | 0.04 | 0.021 | 0.04 |
| - Move management | 0.08 | 0 | 0.08 |
| - F&G | 0.393 | 0.286 | 0.409 |
| - Planning fees | 0.06 | 0.032 | 0.06 |
| - Internal fees | 0.206 | 0 | 0.05 |
| Sub total | | | 17.85 |
| Construction risk allowance | 0.863 | | 0.437 |
| Employers Change Contingency | 0.202 | | 0.05 |
| Total | 18.337 | 5.262 | 18.337 |

2.4.2 Key Notes:

1. *Estimated Construction Cost.* The increased cost from MS5 (£0.565m) is predominantly associated with additional non-hazardous waste material disposal from the site, in addition to the client changes in this period.
2. *Internal Fees.* This budget was reallocated following a review and £156k of the monies allocated to this budget was split between the Construction Risk Allowance and the Client Change Contingency.
3. *Construction Risk Allowance.* This has reduced accordingly to reflect the realised risks during the construction period. However, as mentioned in section 2.1.5 there is currently no risk allowance allocated for Covid-19.
4. *Client Change Contingency.* This has reduced in line with the amendments to the

design and instructed changes. **Appendix C** provides a list of the client instructed changes to date.

2.5 Social Value Update

- 2.5.1 The agreed KPI on local spend has identified the location of RG Carter's supply chain in relation to the construction site that fall within a radius of 50 miles. A target of over 70% of subcontractor orders has been set and the first £9.8million of committed supply chain orders have achieved 76% within a 50 mile radius of the site.

2.6 Vacating the Shire Hall Site

- 2.6.1 Covid-19 has impacted most sectors; and although this report pertains to the potential impact on the Civic Hub programme, it is noted that there is also an expected delay to the vacant possession date of the Shire Hall site.
- 2.6.2 Some of the staff currently based at Shire Hall in Cambridge are set to move to existing offices closer to the communities they serve in a phases throughout 2020 and early 2021, and this process has already begun. Approximately 600 staff will have their office base at Alconbury Weald and are due to move from Shire Hall and other council offices.
- 2.6.3 The Council is working closely with Brookgate, who are to redevelop Shire Hall, to consider how the new programme for Alconbury Weald can align with its plans to start work on a high quality apart-hotel on the Shire Hall site.
- 2.6.4 More information about this will be available later this year once there is a clearer understanding of the likely completion date for the Council's new Alconbury Weald HQ, and alongside the contractual agreement for the Shire Hall site which is due to return to Commercial and Investments Committee in October 2020.

3. ALIGNMENT WITH CORPORATE PRIORITIES

The Cambs 2020 Programme is an opportunity to change the ways and places we deliver services to support the Council in the delivery of its corporate objectives by providing fit for purpose infrastructure, technology and a workplace that is equipped to face the organisational challenges that lie ahead.

3.1 A good quality of life for everyone

Through the distribution of services across the County, the Council will support economies in a more disbursed manner than at present.

3.2 Thriving places for people to live

Placing services in the heart of the communities they support will facilitate more citizens living independent lives by keeping them in their own homes with appropriate support networks wrapped around them.

3.3 The best start for Cambridgeshire's children

See wording under 3.1 above.

3.4 Net zero carbon emissions for Cambridgeshire by 2050

The Civic Hub is working to achieve as much renewable energy as possible on site by undertaking the following;

- 20 electric charging points installed in the car park; with the underground infrastructure to enable simple expansion to all spaces in the future
- No use of gas within the building.
- Maximised the number of Solar PV's on the roof of the building
- Installation of a Solar Array in the car park
- Air Source heat pump power generation.

The on-site renewable energy generation is expected to meet up to 40% of the building's expected energy use.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The Covid-19 impact on the Civic Hub Project has been detailed in this report, resulting in a process to seek approval for a specific Covid-19 project risk contingency.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications arising directly from this report.

4.3 Statutory, Legal and Risk Implications

There are no significant implications arising directly from this report.

4.4 Equality and Diversity Implications

An Equality Impact Assessment for the programme has been completed, and regular engagement continued with the Council's Equality and Diversity Action Group to develop the design. The most recent development was the suggestion of the Changing Places Toilet; which has now been introduced to the design of the building. Standard accessible toilets do not meet the needs of all people with a disability. People with profound and multiple learning disabilities, as well people with other physical disabilities such as spinal injuries, muscular dystrophy and multiple sclerosis often need extra equipment and space to allow them to use the toilets safely and comfortably. These needs are met by Changing Places toilets.

4.5 Engagement and Communications Implications

Updates on the progress of the construction of the Alconbury Weald HQ and the changes to the layout and environmental performance of the building as set out in this paper will continue to be shared with staff and other key stakeholder groups.

4.6 Localism and Local Member Involvement

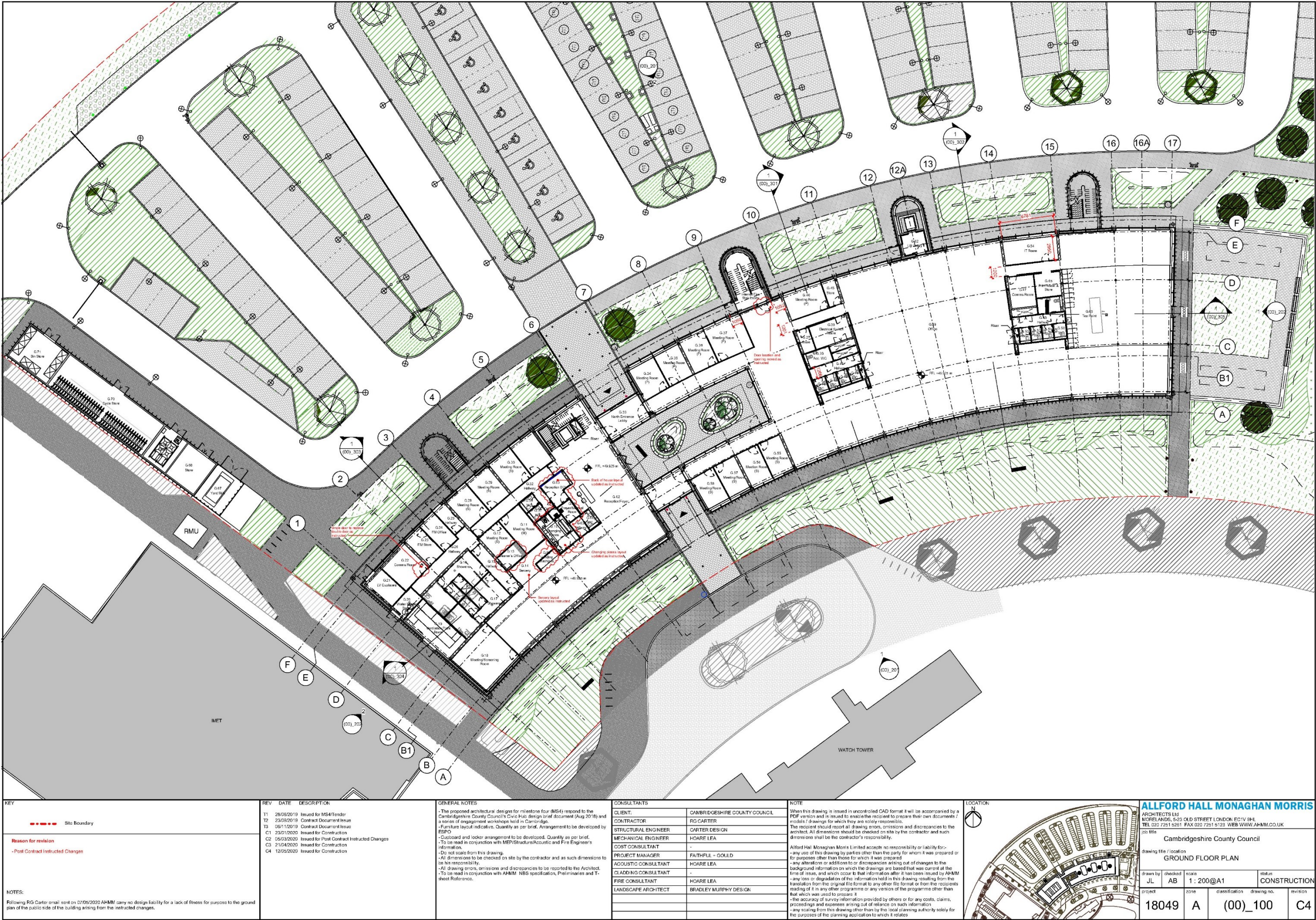
There are no significant implications arising directly from this report.

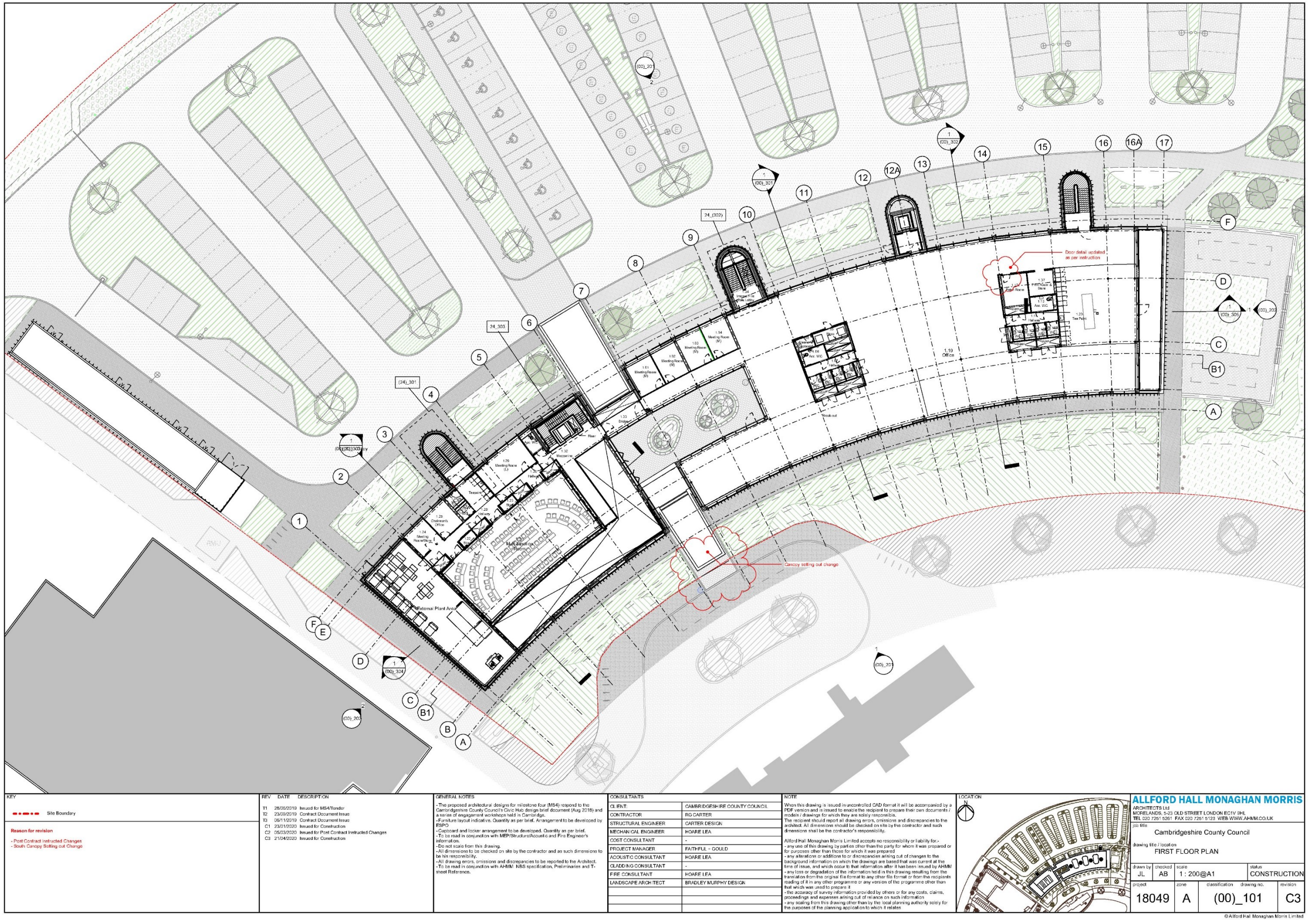
4.7 Public Health Implications

There are no significant implications arising directly from this report. Details of Social Value has been included in section 2.6 of this report.

| Implications | Officer Clearance |
|---|---|
| | |
| Have the resource implications been cleared by Finance? | Yes Name of Financial Officer: Ellie Tod |
| | |
| Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | Yes Name of Officer: Gus De Silva |
| | |
| Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? | No |
| | |
| Have the equality and diversity implications been cleared by your Service Contact? | Yes Name of Officer: Beatrice Brown |
| | |
| Have any engagement and communication implications been cleared by Communications? | Yes Name of Officer: Joanne Dickson |
| | |
| Have any localism and Local Member involvement issues been cleared by your Service Contact? | Yes Name of Officer: Andrew Preston |
| | |
| Have any Public Health implications been cleared by Public Health | Yes Name of Officer: Iain Green |

| Source Documents | Location |
|--|--|
| Milestone 4 & 5 Report for the Alconbury Weald Civic Hub – Cambs 2020 Programme (16 December 2019) | Meeting Documents Link |









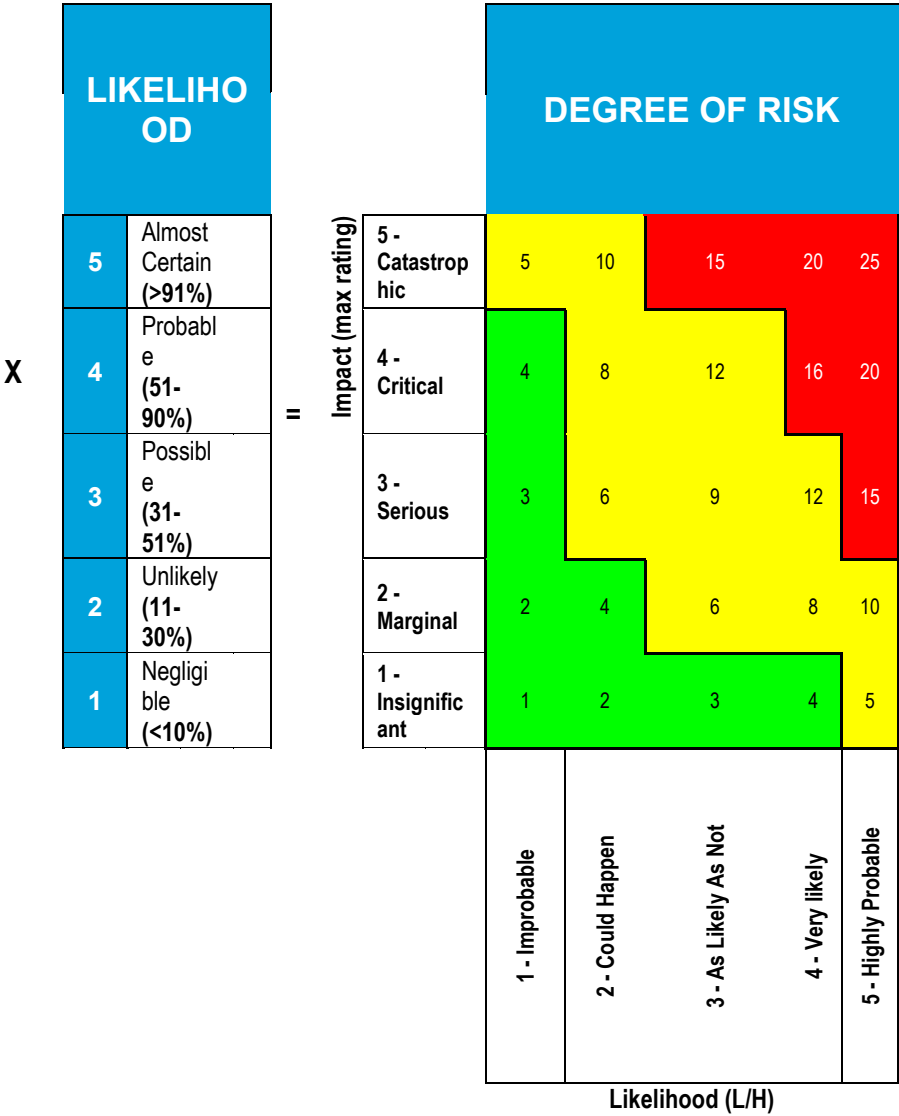
Appendix C – Risk Register

WHERE IMPACT OF RISK x LIKELIHOOD OF RISK OCCURRING = DEGREE OF RISK

| Impact | | | |
|--------|--|---|---|
| Rating | Programme (P) | Budget (B) | Safety/Health/Environmental (SME) |
| 5 | Client/Business stakeholder interests severely damaged | Budget overrun which impacts on client's programme of works | Multiple fatality Major environmental incident involving threat to public or safety Criminal liability |
| 4 | Programme overrun resulting in penalties and additional audits | Significant and non-recoverable impacts in budget spend | Worker/Public fatality Environmental incident leading to breach Criminal liability and compensation costs |
| 3 | Minor and recoverable programme overrun that impacts critical path | Minor and recoverable budgetary fluctuations | Major injury to worker or third party Operation likely to cause damage, complaint or nuisance |
| 2 | Minor delays not impacting on critical path | Minor budgetary fluctuations within allowance given by client | Minor injury to worker or third party Environmental impact requiring management response to recover |
| 1 | Negligible impact | Negligible impact | Negligible impact |

Project Number: 5168511

Project Location: Civic Hub Building



Date Issued: 21/05/2020

Current Milestone Issue Number: 6

Design Team Partners Ref: 28

Project

Contract Risk Assessment

| Item No. | Risk | Risk Owner | Consequence | Calculation of risk | | | | | Risk mitigation / control measure / comments | Min. cost £ | Max cost £ | Weighted cost £ | Close-out date |
|----------|--|------------|--|---------------------|---|-----|--------------|----------------------|--|-------------|------------|-----------------|----------------|
| | | | | Impact | | | x Likelihood | Degree of Risk (max) | | | | | |
| | | | | P | B | SME | | | | | | | |
| 4 | Final costs associated with the land purchase re suspended slab reconciliation | CCC | Additional cost due to delay | 4 | 4 | 1 | 4 | 16 | U&C, CCC and F+G to agree final e/o costs for suspended slab solution/details | | | | MS5 |
| 2 | On site remediation by U&C is not undertaken sufficiently and contaminated land is | CCC | Delay to programme and additional cost | 4 | 4 | 1 | 4 | 16 | Resolution of remediation compliance has been agreed in principle between U&C and CCC and forms part of the revised land deal. RGC are to continue to monitor site works during MS6 activities | | | 80,000 | MS5 |

| | | | | | | | | | | | | | |
|---|--|---------|------------------------------------|---|---|---|---|----|---|--|--|---------|-----|
| | discovered which impacts construction progress. | | | | | | | | | | | | |
| 3 | Obstructions in ground/poor ground conditions not reasonably established during pre-construction phase. | RGC/CC | Programme and Cost | 4 | 3 | 4 | 3 | 12 | RGC to undertake ground investigations to mitigate risk as far as practical, site works are now being monitored. | | | 15,348 | MS6 |
| 4 | Hazardous materials/contaminated land discovered during site activities which impact on cost/programme | RGC/CC | Effect on programme and cost | 3 | 4 | 4 | 3 | 12 | Potential for contamination issues on site to be established as part of design stage geotechnical investigations. U&C responsible for site remediation. Classification of material on site is to be determined and monitored during construction. | | | 21,329 | MS6 |
| 5 | Potential for unexploded ordnance to be discovered on site plus the risk that a Watching Brief during construction may be imposed on the project | RGC | Increased project costs and delay. | 3 | 1 | 4 | 2 | 8 | RGC have instructed a watching brief during construction to monitor works. The classification of the site can be re-assessed following the excavation works on site. | | | 3,106 | MS6 |
| 6 | Delivery of permanent utility connections (electricity, gas, water, drainage) | RGC/CC | Delay and additional cost | 3 | 4 | 3 | 3 | 12 | RGC has agreed the temporary and permanent services requirements with U&C. U&C have suggested that there should be no delay to temporary or permanent services connections. Interface meeting with U&C is to be arranged to monitor the requirements. | | | 20,000 | MS6 |
| 7 | ICT/FFE Specification impact on design proposals (layouts, ventilation etc.) | CCC/RGC | Cost implications | 4 | 3 | 1 | 3 | 12 | Team to continually review FFE/ICT specifications throughout MS4. A furniture specialist has now been appointed by CCC and an AV specialist may be appointed in the near future. Any amendments need to be firmed up early MS6. | | | 12,000 | MS6 |
| 8 | Amendments are required to the design post contract due to the uncertainty of the staff members and teams that will be occupying the building. | CCC | Cost implications | 4 | 3 | 1 | 3 | 12 | CCC to confirm any required changes as early in the construction process as practical and regular client interface meetings are to be scheduled with the project team to monitor this. | | | 39,027 | MS6 |
| 9 | Amendments required to the internal finishes quantity/standard are required due to the limited engagement during MS4. enhancements are confirmed post contract e.g. finishes | CCC | Cost implications | 4 | 3 | 1 | 3 | 12 | CCC to confirm any required changes as early in the process as practical | | | 224,971 | MS6 |

| | | | | | | | | | | | | | |
|----|---|---------|---|---|---|---|---|----|--|---|---|---------|-----|
| 10 | FFE Scope creep / overspend | CCC | Cost implications | 3 | 3 | 1 | 3 | 9 | CCC to scope and budget FFE deliverables in MS4 and then monitor/firm up during MS4/6 | - | - | 0 | MS6 |
| 11 | ICT Scope creep / overspend | CCC | Cost implications | 3 | 3 | 1 | 3 | 9 | RGC are to establish the extent of the IT scope by the time MS4 concludes. There are certain elements which cannot be confirmed by CCC at this stage (AV requirements) and these will need to be finalised during early MS6. | - | - | 0 | MS6 |
| 12 | Late completion of temporary and permanent access road by U&C | CCC | Potential delay and additional cost | 3 | 2 | 3 | 3 | 9 | Project team to continue to engage with U&C re design and site logistics programme | | | 10,000 | MS6 |
| 13 | EU Referendum results affect purchase of goods | RGC | Impact on design and cost | 3 | 3 | 1 | 3 | 9 | RGC to establish key components early and progress associated procurement | - | - | 0 | MS6 |
| 14 | Unforeseen activities require funding that were not included within the original business case – such as removal of records, disposal of furniture, data centre relocation etc. | CCC/RGC | Increased project costs and delay. | 3 | 3 | 1 | 3 | 9 | RGC are to liaise with CCC to understand their expectations in relation to the decant from their existing offices | - | - | 0 | MS6 |
| 15 | U&C offsite works impact on the Civic Hub programme relating to the RMU and the Turning Circle | CCC/RGC | Delay and additional cost | 4 | 3 | 3 | 2 | 8 | U&C are to confirm their programme and the detail of any works surrounding the Civic Building site throughout the duration of construction. | | | 12,000 | MS6 |
| 16 | Risks associated with the COVID-19 pandemic based on EWNs issued by RGC from impact to supply chain and work | CCC/RGC | Delay, additional cost and health and safety impact | 4 | 4 | 4 | 4 | 16 | Carrying out a risk reduction meeting to identify how risks related to the Pandemic can be mitigated | | | 0 | MS6 |
| | | | | | | | | | | | | 437,781 | |