

 <b>Executive – 12<sup>th</sup> February 2014</b>		<b>Agenda Item No.</b> <b>18F</b>
<b>Title</b>	Chase Meadow Community Centre – Post Implementation Review	
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<b>Wards of the District directly affected</b>	Warwick West	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Executive Committee Oct 2012: Use of G4 Emergency Powers Minute number	
<b>Background Papers</b>	See above	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes: Ref 581
<b>Equality Impact Assessment Undertaken</b>	N/A

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Deputy Chief Executive & Monitoring Officer	21/1/14	Andrew Jones
CMT	21/1/14	Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer	21/1/14	Mike Snow
Finance		
Portfolio Holder(s)	17/1/14	Cllr Moira-Ann Grainger
<b>Consultation &amp; Community Engagement</b>		
A Project Board was established which includes Chase Meadow residents and a member of the St Michael's Church of England Church.		

<b>Final Decision?</b>	Yes
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## 1. **SUMMARY**

- 1.1 The Council's Code of Financial Practice (paragraph 9.10) states that projects should be subject to an appropriate post implementation review to confirm whether the project objectives have been met. This report provides such a review of the Chase Meadow Community Centre project, which in September 2013 delivered a new build community Centre and established a voluntary body, Chase Meadow Centre Partners Community Interest Company to operate the Centre.
- 1.2 This report also outlines the advantages, disadvantages and lessons learnt of using the Scape procurement framework to procure the contractor and other consultants as experienced by the Council's project team. Finally, the report captures the more general learning points relating to the delivery of the project.

## 2. **RECOMMENDATIONS**

- 2.1 That Executive notes the final, total costs of designing and constructing the Chase Meadow Community Centre were achieved within budget as set out in Appendix One.
- 2.2 That Executive notes that the construction of the building was completed on 30<sup>th</sup> September 2013 as per the construction programme agreed at the start of the build programme, as set out in Appendix Two.
- 2.3 That Executive notes that appropriate governance arrangements have been put in place to enable the Centre to be managed and maintained by Chase Meadow Centre Partners, as set out in Appendix Three.
- 2.4 That Executive notes the review (advantages, disadvantages and learning points) of using the Scape Procurement Framework to engage professional services and the principal building contractor, as set out in Appendix Four.
- 2.5 That Executive notes the lessons learnt relating to the delivery of the project, as set out in Appendix Five.

## 3. **REASONS FOR THE RECOMMENDATIONS**

- 3.1 The Council's Code of Financial Practice (para 9.10) states that officers should report on whether a project's objectives have been met.

- 3.1.1 For the purpose of this report the objective of the project is considered to be;

- to create and build a new build community Centre with adjoining place of worship,

The ancillary aims were to;

- complete the construction of the Centre within budget and on time
- support the creation of a community based body to manage and maintain the Centre.

- 3.2 Council officers are developing their experience and knowledge of using the Scape Procurement Framework. This report intends to share this knowledge with the Executive, in order that as one Council we continue to develop effective working practices which enable the Council to deliver successful projects.

- 3.3 It is good practice at the end of a project to consider the lessons learnt in order that the learning can be applied to future projects.

#### **4. POLICY FRAMEWORK**

- 4.1 The third strand of Fit for Future: Developing Effective Ways of Working focuses on learning and improving the delivery of services and projects. In line with this objective, this report describes the approach used for the Chase Meadow Centre project and attempts to harness the learning.

#### **5. BUDGETARY FRAMEWORK**

- 5.1 The Council's Code of Financial Practice states reviews should be undertaken to evaluate whether a project's objectives have been met.
- 5.2 From Appendix one, it will be noted that the project was completed within the agreed funding. This is discussed further section 7.5.
- 5.3 The Council retains the freehold for the Community Centre, with it leased for 999 years to Chase Meadow Centre Partners at one peppercorn annual rental. The maintenance liabilities all rest with the lessors, with there being no additional potential costs for the Council.

#### **6. ALTERNATIVE OPTION(S) CONSIDERED**

Requirement of code so no other options considered

#### **7. BACKGROUND**

- 7.1 The new build Chase Meadow Community Centre was handed over from Morgan Sindall, the principal building contractor to Warwick District Council, the client on 30<sup>th</sup> September 2013. The Centre comprises the following facilities, a community sports hall, communal space/café, a large meeting room/Place of Worship and three smaller meeting rooms (Appendix six).

##### **The Partners**

- 7.2 Chase Meadow Centre Partners Community Interest Company (the Centre's operator) is made up of three member organisations; Chase Meadow Community Centre Ltd, St Michael's, Budbrooke, CofE Church and Warwick District Council.
- 7.2.1 The following paragraphs describe how the members came together to form Chase Meadow Centre Partners and the support given by the Council to facilitate the project.
- 7.2.2 In 2008, a Chase Meadow Resident Association was formed to look at local issues on the new housing development and one high priority to emerge was the need to develop a community Centre for residents. A separate Community Centre legal entity was established to identify the best ways to develop and manage the new build. In 2010 the group became incorporated as Chase Meadow Community Centre Ltd (CMCC).
- 7.2.3 The planning requirements for the development of the wider local Centre made provision for a Place of Worship. The opportunity to run a Place of Worship was

advertised and St Michael's, Church of England Church was the only religious body to register an interest to have a presence on the estate.

- 7.2.4 As the project developed it was felt that the most cost effective way of delivering a worship space for the Chase Meadow Community was to incorporate this space into the Community Centre building. The Church and CMCC then worked together to develop the Centre proposals for the benefit of the local community.
- 7.2.5 As a key part of Council's role is to assist in the creation of vibrant and cohesive communities, the District Council has been involved in facilitating and enabling the Centre. The Council prioritised the development of the new facility through the allocation of staff resource and Council funding.
- 7.2.6 As the owner of the land and the building the Council is keen to maintain a supportive role in the on-going operation of the Centre with the object of helping the Centre to become sustainable and also protecting a valuable Council asset. To do this the Council appointed an elected Member to the Board of Chase Meadow Centre Partners.
- 7.2.7 To help ensure that the project itself was run effectively and that stakeholders were involved in decision making a Project Board was set up to manage the project through to the handover of the completed building. Representatives from Chase Meadow Community Centre Ltd and the Church became part of the WDC Project Board. The project board met on monthly basis, with the project manager presenting a progress and budget reports to enable the Project Board to monitor progress and make decisions about the project. The Portfolio Holder for Corporate and Community Services was an active Board Member assisting the project with a number of "political" matters.

### **Use of Scape Procurement Framework to appoint professional services and the building contractor**

- 7.3 To procure services for the project the Council used the Scape Procurement Framework. The framework aims to help organisations procure projects efficiently and economically, by reducing the complexity of the procurement process. As a framework partner the Council is able to access contractors without the need to administer and run a tendering competition. The frameworks are procured following a two stage OJEU process with the documentation and contracts provided ready for clients to use.
- 7.3.1 In 2012 it was felt that WDC did not have the capacity within its Housing and Property Services team to provide the necessary support (design, cost and contract management, tendering) to effectively manage a project of this scale. Following discussions with the Council's Procurement Team it was decided to make use of an existing framework (Scape) to procure a range of professional services to complete the design of the building and manage the contract with a building contractor and to engage the principal building contractor.
- 7.3.2 Faithful and Gould (F&G) were employed through the Scape Framework to manage the design, cost and construction process and to assist WDC in the successful delivery of the project for the Council and end-users (Chase Meadow Community Group and St Michael's Church). The commencement of the services from F&G began on 17<sup>th</sup> July 2012. Faithful and Gould were procured to provide the following services; Architects, Structural Engineer, Mechanical and Electrical Design, Quantity Surveyor, and CDM coordinator.

7.3.3 Morgan Sindall were engaged through the Framework Agreement as the principal contractor to construct the building to the design and specification drawn up by F&G.

7.3.4. Appendix four describes the Council's experience of using the Scape Framework.

#### **Establishing Project Costs and funding the project**

7.4 The funding for the project has come from a number of different sources including, Council funds, Section 106 money, external funding secured by Chase Meadow Community Group and also the Parochial Church Council (see Appendix One).

7.4.1 As the project progressed and the detailed design of the building was developed the predicted costs for the Centre increased. This necessitated the need in 2012 to secure further funding from the District Council to achieve the project. **See Minute number. xx**

7.4.2 There are two significant factors which contributed to the increase in costs. Firstly, a decision was made to incorporate a Place of Worship into the Community Centre building, effectively increasing the foot print of the building by approximately one third. Secondly, as the design of the building was worked up from outline drawings to include the detailed design, the costs of the construction also increased to reflect the additional building components, e.g. the heating and lighting systems, floor and wall finishes etc.

#### **Agreeing and monitoring the construction costs**

7.5.1 Having procured a package of professional services from Faithful and Gould, via the framework, F&G progressed the design of the Community Centre.

7.5.2 F&G provided a pre tender estimate of the construction costs in November 2012. This estimate showed a potential shortfall of £129,000 against the available overall budget. The Council were advised of the position and it was decided to undertake a "value engineering" exercise to reduce the cost of the project, prior to the contractor returning his tender.

7.5.3 A series of meetings were held with the design consultants and also with Morgan Sindall, the principal contractor to identify where cost could be removed from the design and the preliminary costs (e.g. site set-up costs). After each meeting, Morgan Sindall was asked to revise their costings and resubmit their tender. In January 2013 a final tender was received from Morgan Sindall for £1,195,613. This tender was analysed by F&G and found to be fair and reasonable based on the specification and the drawings. F&G recommended that the Council accepted the tender and that construction work should commence.

7.5.4 Following this, the tender price of £1,195,613 was agreed as the construction target cost\* of the project. The target cost included an allowance for Risk (£60,000) and for Contingency (£30,000). (\*Target cost is the target estimated and agreed with the client of the total cost to carry out the works. Scape contracts include a mechanism which provides for the burden of overspends to be shared between the contractor and client or alternatively any savings to be shared. This mechanism is applied if the target cost of the work is not achieved at the end of the project.)

#### **Monitoring of construction costs during the project**

7.6 During the construction period Faithful and Gould regularly reviewed the target cost against actual costs for each of the work packages. F&G provided a monthly cost

report to the Council which detailed the previous month's expenditure against the construction budgets (including Risk and Contingency allowance). This cost report was summarised and shared with the Council's Project Board to enable the Board to monitor the budget and make informed decisions on any additional items required.

- 7.6.1 As the construction progressed adjustments were made to the budget for the actual cost of work, additional items, and items not required. When costed risks did not transpire, money from the Risk allowance was transferred to the Contingency. The Contingency money was used to cover client change items and any items which had been omitted from the original design.
- 7.6.2 At the end of the construction programme the financial accounts showed that the actual target cost of the construction project remained true to the pre-construction target cost. This means that the overall construction of the project was delivered to budget.
- 7.6.3 This was achieved through close monitoring of the budget, involving close (daily) dialogue between the design team, Morgan Sindall, F&G and the Council and a constant re-iteration of the message to all involved that "there is no more money" available.
- 7.6.4 F&G supported the project by challenging the Council that any client changes should be essential items and not "nice to have" items. In the main, the Council's Project Board adhered to this advice. One exception is wiring for Audio Visual equipment (costing approximately £6,000) which the Project Board agreed to fund. This was requested by the end-users so that users of the Centre are able to use a range of devices to play music, show films, use laptops etc. in the Centre.
- 7.6.5 In addition to the support provided by F&G in monitoring and managing the construction budget, the Council's Financial Services team also supported the project, meeting with the Council's project manager once a month to review the construction budget and the wider project budget.

### **Project Timelines**

- 7.7 Some initial delays were experienced in engaging Morgan Sindall as a result of delays with the land conveyancing for the Place of Worship site. Once the Council was able to formally appoint Morgan Sindall, a 30 week construction programme was agreed between the parties with a start on site of 4 March 2013 and completion date of 30 September 2013 (see Appendix two).
- 7.7.1 At points during the project the timelines were impacted by Chase Meadow Community Centre's agreement to Sport England's funding conditions which committed the construction to complete by 30 September 2013. Pushing the pace of the project faster than desired, this reduced the time available to complete the design of the building and also meant that additional enabling works were required. See also Appendix five.

### **Governance of the Community Centre**

- 7.8 The Project Board agreed that an umbrella organisation comprising of the three partners (CMCC, PCC and WDC) should be created to be responsible for the lease of the building. The purpose of this over-arching body was to put the Church on an equal footing in terms of leases with CMCC and to enable the Council to have an appropriate level of involvement in the operation of the Centre. A Community Interest Company was created as the over-arching body and is called Chase Meadow Centre Partners.

7.8.1 To reflect the above arrangement the leases were therefore structured as follows;

- A head-lease exists between the Council (landlord) and Chase Meadow Centre Partners (head-tenant)
- Sub-leases below the head-lease are in place between CMCP and Chase Meadow Community Centre Ltd and the Church (See diagram in Appendix three.)
- CMCC's lease is for the Sports Hall area and also gives the right to use the communal area and the Church's lease is for the Place of Worship Area (and smaller meeting rooms) and also gives the Church the right to use the communal area too

7.8.2 There is also a Management Agreement in place between the partners which sets out how the organisations will work together as Chase Meadow Centre Partners. The Agreement sets out the rights and responsibilities (including financial) of each of the partners. It also explains the governance arrangements for CMCP, including the role of the Board of Directors, and the arrangements for decision making.

7.8.3 It is also worth noting that prior to completion of the build and creation of the umbrella company a Development Agreement between the three organisations (CMCC, PCC and WDC) was established in 2012. The purpose of this agreement was to formalise the commitment of the three partners to the project and to manage the risk of any of the partners walking away from the project prior to the handover of the completed building. The Development Agreement committed the Council to entering into a lease with the community groups on completion of the construction.