



**AGENDA ITEM: 16**  
**SUMMARY**

<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>11 February 2014</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>BUDGET VARIATION FOR DECANT COSTS</b>
Contact:	Cllr Andrew Williams, Leader of the Council Shane Flynn, Assistant Director (Performance and Projects)
Purpose of report:	To approve the proposed approach to the decant of staff and facilities from Hemel Hempstead Civic Centre during the development of the Public Service Quarter.
Recommendations	That the proposed outline timetable and costs for the decant project as set out in the report are agreed and recommended to Council for approval as part of the budget report 2014/15.
Corporate Objectives:	The decant proposals support all five of the Council's objectives, particularly Dacorum delivers, by ensuring that suitable premises are available for the continued delivery of administrative and service function.
Implications:	<u>Financial</u> The financial implications are set out in the body of the report. The total refit costs of the buildings available for the decant are estimated to be £1.5m.
'Value For Money Implications'	<u>Value for Money</u> A detailed assessment of the continued costs of maintaining Hemel Hempstead Civic Centre was undertaken as part of the PSQ development. The costs of decant were taken into account during that assessment.
Risk Implications	Risk Assessment completed in April 2013. The risk register for the project is reviewed each month. A more detailed risk register relating to the refurbishment element of the programme will be developed during the due diligence phase identified in the report.

Equalities Implications	Equality Impact Assessment carried out in November 2012. There are no additional equalities implications arising from this report.
Health and Safety Implications	A full Health and Safety review will be undertaken as part of the due diligence process. The Council's H&S officer is a member of the project Board and is responsible for maintaining an issues and actions log for health and safety matters.
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>No comments to add to the report.</p> <p><b>Deputy S.151 Officer</b></p> <p>The estimated costs within this paper have been included within the draft capital programme for consideration by Cabinet as part of the 2014/15 budget-setting exercise.</p>
Consultees:	Decant Project Board
Background papers:	<p>Previous papers relating to the PSQ development – Cabinet reports:</p> <p>290 November 2011: Hemel Hempstead Town Centre Public Service Quarter</p> <p>24 July 2012: Hemel Hempstead Town Centre Regeneration - Public Service Quarter Procurement</p> <p>22 January 2013: Update on the Disposal of the Civic Centre Site</p>
Glossary of acronyms and any other abbreviations used in this report:	<p>EDRMS: electronic Document and Records Management System</p> <p>PSQ: Public Service Quarter</p>

## BACKGROUND

1. The Council has plans in place to relocate to a new Public Service Quarter (PSQ) in 2016/17. To do this it is necessary to decant all staff and facilities from Hemel Hempstead Civic Centre to temporary accommodation. Premises at 39/41 Marlowes and the former Court House building have been secured for this purpose. This report seeks formal approval for the decant to proceed in line with the proposed timetables and costs set out below.

## 2. Timetable

- 2.1. The overall timetable for the project is as shown in table 1:

**Table 1: Proposed outline decant timetable**

<b>Task</b>	<b>Start</b>	<b>Finish</b>
<b>Main Contractor Procurement</b>	June 2013	January 2014
<b>Due Diligence Exercise</b>	January 2014	February 2014
<b>Detailed Space Planning</b>	February 2014	April 2014
<b>Main Construction Contract</b>	March 2014	June 2014
<b>Change Management Process</b>	January 2014	August 2014
<b>Move Management</b>	March 2014	July 2014
<b>Completion of EDRMS and Flexible Working Projects</b>		June 2014
<b>Relocation of Archive Materials</b>	March 2014	May 2014
<b>Proposed Office Move from Civic Centre to 39/41 Marlowes &amp; Courthouse</b>	July 2014	July 2014

### 3. Workstreams

3.1. The project consists of a number of key workstreams including:

- Refurbishment Works
- Change Management, Including:
- Communications
- Flexible Working
- EDRMS
- Archive Relocation
- Paper Clearance & Clear Desk Policies
- Health & Safety
- Move Management

3.2. These streams are being managed as part of an overall project in line with the Council's approved project methodology. A monthly Project Board, which includes the Cabinet Support Member and senior Council Officers meets monthly to assess progress and weekly working groups have been established to maintain focus on specific activities.

### 4. Decant Costs

4.1. The proposed costs for the Decant project are outlined below. The costs have been incorporated into the Capital Programme which is reported within the Budget Report presented to Cabinet elsewhere on the agenda.

<b>Budget Area</b>	<b>Cost</b>
<b>Build Costs (39/41 Marlowes &amp; Court) Including Fees</b>	£820,000
<b>ICT</b>	£230,000
<b>Furniture</b>	£50,000
<b>Move</b>	£100,000
<b>Fees (@ 10% Build Cost)</b>	£82,000
<b>Client Contingency (@ 17% Total Cost)</b>	£218,000
<b>Total</b>	<b>£1,500,000</b>

4.2. It should be noted that these costs represent the absolute minimum level of refurbishment required to allow the Decant buildings to be used as temporary office accommodation whilst permanent long term accommodation is built as part of the wider PSQ project. Where possible existing structures, finishings, furniture and equipment will be re-used.

## **5. Build Costs**

5.1. The build costs outlined above have been taken from a Pre-Tender Cost Plan developed by consultants DTZ in September 2013. The pre-tender cost plan has assessed costs based on the information provided in the draft design information and Employer's Requirements and represents an estimate of construction costs based on that information.

5.2. The Pre-Tender Cost Plan includes cost for the following:

- Site Clearance
- Structural requirements
- Internal finishes
- Fittings and Finishings
- Mechanical & Electrical Installations
- External Works
- Contractor Overheads & Fees

5.3. These costs will be further developed through the Contractor tender process.

## **6. ICT**

6.1. These costs have been developed by the ICT team as part of the ICT Specification for the Decant Project.

## **7. Furniture**

7.1. A full audit of desks in the Civic Centre has been undertaken and it is evident that the current desk stock is not appropriate for the density of desks needed within the Decant buildings to accommodate all staff. A cost for new desks and associated furniture and fixings has been developed by Serco.

7.2. In general, other than desks, as much furniture as possible from the Civic Centre (including desk chairs) will be re-used.

## **8. Move**

8.1. A preliminary estimate for the move of staff and equipment to the new building has been included. This will be developed in more detail during the forthcoming detailed design stage.

## **9. Fees**

9.1. Management fees have been included at 10% of the overall construction cost which is in the normal range for this type of project.

## **10. Client Contingency**

- 10.1. Due to the nature of refurbishment projects in general and because the project is still at a relatively early design stage (pre-tender) a Client Contingency has been included at 17% of the overall project cost.
- 10.2. There are a number of areas of uncertainty, particularly around the Mechanical and Electrical Equipment within the buildings, which may require investment over and above the Pre-Tender Cost Plan estimate once detailed proposals have been received from Contractors.

## **11. Procurement of Main Contractor**

- 11.1. Procurement of a Main Contractor started in Summer 2013 and concluded in January 2014. A preferred Contractor (Dentons) has now been selected and an initial appointment has been made for them to undertake some Due Diligence work in the Decant buildings. This work - which includes undertaking detailed surveys of Mechanical & Electrical equipment - is designed to provide the Council with increased cost certainty for the refurbishment works before the main construction contract is entered. The due diligence exercise is expected to be complete in February 2014 ahead of entering the main construction contract in early March 2014.

## **12. Recommendations**

- 12.1. Cabinet is requested to approve the proposed timetable and process for the decant as outlined in the report and to recommended the report to Council for approval as part of the budget report 2014/15.