

## Appendix A - Major Projects 2021/22 Outturn against Current Budget

1.1 The top ten budget by value remaining are shown in the table below:

| Project   | Current Budget 2021/22 | Forecast at Q3 | Outturn 2021/22 | In Year Variance | Total Budget (All Years) | Total Variance (All Years) |
|---|------------------------|----------------|-----------------|------------------|--------------------------|----------------------------|
|   | <i>£m</i>              |                |                 |                  |                          |                            |
| Our Town Hall Refurbishment                                       | 70.9                   | 53.8           | 49.7            | (4.1)            | 306.3                    | 0.0                        |
| The Factory & St John's Public Realm                              | 56.5                   | 42.7           | 42.6            | (0.1)            | 196.8                    | 0.0                        |
| Housing Infrastructure Fund (Victoria North)                      | 12.5                   | 4.0            | 5.4             | 1.4              | 51.0                     | 0.0                        |
| Carbon Reduction Programme & Public Sector Decarbonisation (PSDS) | 20.6                   | 20.3           | 11.6            | (8.7)            | 48.1                     | 0.0                        |
| This City Housing Delivery  | 0.7                    | 0.7            | 0.5             | (0.2)            | 33.7                     | 0.0                        |
| Back of Ancoats Mobility Hub and Public Realm                     | 1.1                    | 0.0            | 0.3             | (0.8)            | 33.0                     | 0.0                        |
| Co-op Academy Belle Vue   | 21.6                   | 9.2            | 9.9             | 0.7              | 31.5                     | 0.0                        |
| Collyhurst*   | 2.0                    | 0.4            | 0.3             | (0.1)            | 31.3                     | 0.0                        |
| Manchester Aquatics Centre  | 7.5                    | 5.2            | 3.0             | (2.2)            | 30.5                     | 0.0                        |
| Hammerstone Road Depot  | 11.4                   | 3.8            | 2.1             | (1.7)            | 31.6                     | 0.0                        |

\*Public and Private Sector Housing

### *Our Town Hall Refurbishment*

1.2 The Our Town Hall project is forecasting to be within the overall budget, but market conditions, inflation and tender returns prices are putting pressure on the budget, along with ongoing discovery and validation of certain packages such as Stone, Chimney and Windows which is creating uncertainty in costs

1.3 For 2021/22 the out-turn spend is £49.7m against a Budget of £70.9m, a variance of £21.2m. This is an increased variance from Quarter 3 of £4.1m. The programme of works was agreed after the budget was set, which changed the profile for the various work packages especially MEP which slipped £9m and Fit-out slipping £4.3m. The contingency spend of £7.8m was also not in line with forecast and will not be needed until 2022/23.

1.4 The project has currently placed orders for the value of £163m, with a further

£16m currently out to tender, and cost surety is now expected to reach 90% by June 2022. The risk profile for each package is actively being managed.

- 1.5 The Plaster package has now started on site ahead of the latest 19.2 Programme, Scaffolding has now been completed to Cooper Street Tower and Clock Tower, the Public Realm is still progressing well with further elements handed over. The Joules & Dalton Statues have been relocated to out-side the entrance to the Visitors Experience and the Timber Clean to the Great Hall has been completed along with the lift shaft at Lloyd St.

#### *The Factory*

- 1.6 The Factory is currently reporting to budget, but has significant cost pressures, including inflation and higher costs for work packages such as the MEP package as the detailed design and specifications are finalised. This position also assumes there are no changes to the programme duration.
- 1.7 The project has only two remaining packages to tender, Seating and Circular windows. Work package certainty is currently 78% and is expected to reach 90% by July 2022. The project has also now received all the Kickstart funding of £21m, with funding from Government and National Lottery Heritage Fund of £8.8m still to claim.
- 1.8 Good progress is being maintained on site. The precast mastic to the Theatre is almost complete, and work is on-going to install the primary plant, the Truck lift fit-out and the Foyer ceiling. The Orchestra pit floating slab has now been cast, the Tower crane has been removed and the structural infill is progressing
- 1.9 The spend profile for the project has changed with the finalisation of design detail and revised start on site dates and resequencing of work for the External Envelope, MEP works package and Joinery & Panel installation

#### *Housing Infrastructure Fund (Victoria North)*

- 1.10 The total budget for the Housing Infrastructure fund is £51.0m, and the project is due to complete in 2024. The project has broadly separated into two packages of work. Infrastructure Works and River Works. The main planning application for the Infrastructure Works, funded through the Homes England Housing Infrastructure Fund (HIF) has now been submitted, with the planning consultation process currently underway.
- 1.11 The first phase of the enabling works (approved late last year) commenced in February 2022. The project team is currently working to discharge all relevant planning conditions to ensure the next stages of work can commence. Demolition of existing structures including the Creamline Dairies buildings is due commence in June 2022, with commencement of the haul?????? due start just after in July. The design team are progressing the RIBA Stage 4 design, as the project moves towards the final contract stage for the main works package.
- 1.12 Site investigation for the river works are now completed following a variety of

delays from the contractor and bad weather. The final reports from the investigations are due any time. The Hydrological modelling continues to be updated to inform the design development that will be undertaken over the coming months. Engagement will continue with the Environment Agency concerning the design development for both flood mitigation works and the wider infrastructure scheme. A planning application for the River Works package is due to be submitted later in the year.

#### *Carbon Reduction Programme including Public Sector Decarbonisation Scheme*

- 1.13 Phase 1 of the Carbon Reduction Programme is almost complete and will save 1,400 tCO<sub>2</sub> annually. Remaining works include the installation of LED lighting at the Sharp Project (on site installation commenced). Installation of LED lighting at the Tennis & Football Centre once suitable access can be secured, this project has been delayed as the building is being used as a vaccination centre. Energising the installed Solar PV at the Space Project & Sharp Project which is dependent upon Electricity North West
- 1.14 Works at the National Cycling Centre and Hammerstone Road, part funded by the European Regional Development Fund (ERDF), will be delivered in stages and are expected to start in quarter 1 of 2022/23, in line with other works at those sites. Detailed design and costings for the National Cycling Centre are expected by the end of May 2022.
- 1.15 Public Sector Decarbonisation Scheme (PSDS) grant funded works are forecast to complete by the end of June 2022, in line with the revised funding deadline. The one exception to this is the battery at Hough End Leisure Centre which has been delayed due to a manufacturing issue. Based on current guidance the cost of any works that complete beyond June 2022 will need to be met by the Authority, this cost is estimated to be circa £200k for which existing carbon reduction budget will be utilised.

#### *This City Housing Delivery*

- 1.16 The total budget for This City Housing Delivery is £33.7m and the first scheme is scheduled to complete in 2023/24. It comprises a mixed development of market and accessible rent properties, transferring to the Council-owned company during the build.
- 1.17 The first phase is the first development to be built by This City. This City is Manchester City Council's newly created housing vehicle which aims to utilise Council-owned land to demonstrate that a high-quality housing product, meeting zero carbon aspirations and providing accessible homes set at Local Housing Allowance (LHA) rates is achievable.
- 1.18 The scheme will:
  - Promote equity and fairness - the first phase is expected to provide homes at accessible rents for Manchester residents
  - Reduce carbon emissions – the scheme is targeting Association of Environmentally Conscious Buildings accreditation, which meet or exceed

the MCC and RIBA targets for 2030 developments.

#### *Back of Ancoats – Mobility Hub and Public Realm*

- 1.19 The project was approved in March 2022 with a total budget of £33m. The project is expected to complete in 2025/26. There is a variance of £0.8m due to the budget being set before work commenced and the programme of works not being finalised.
- 1.20 For the Ancoats Mobility Hub, a main contractor has been appointed via the North West Construction Hub under a two-stage design and build contract, with a Pre-Construction Services Agreement in place. This PCSA will cover the RIBA Stage 3/4 design development and demolition of the existing structures at the Poland Street site, which will take place in the summer once the Equipment and Adaptations Partnership (MEAP) have relocated. Appointment of the contractor to the main build will take place at the end of the year, following Stage 2 pricing in the Autumn.
- 1.21 In parallel, work is ongoing to establish the commercial operating model for the Mobility Hub and produce a business plan for Homes England, as required by the GFA. Procurement of an operator will take place over summer, building on soft-market testing undertaken in conjunction with Manchester Life earlier this year.
- 1.22 The Public Realm Strategy (PRS) for Ancoats was approved by the Executive in March this year. The planning application for the first project – the removal of the Jersey Street bridge – is due to be determined at the end of May. Works will be undertaken over the Summer, once a contractor is appointed. Alongside those works, the planning application for the improvements to Ancoats Green will be prepared over the summer, with extensive engagement planned with residents and stakeholders.
- 1.23 The Eastern Gateway team is working with Neighbourhood Services and the Parks and Highways teams to agree the long-term management and stewardship arrangements for Ancoats.

#### *Co-op Academy Belle Vue*

- 1.24 The total budget for the Co-op Academy Belle Vue project is £31.5m and the project is expected to complete in October 2022. For 2021/22, there is a variance of £11.6m as the start on site date was later than originally envisaged meaning that significant elements of the high value work packages will be delivered in 2022/23. However, this had the benefit of the works requiring crane lifting or working outside the building envelope to be progressed in better weather conditions than originally allowed for.
- 1.25 The school opened as planned in September 2021 in temporary accommodation on the site of Connell College, also part of Co-op Academy Trust, and pupils will remain on this site until the new building is completed.
- 1.26 Key risks around the project remain the volatility of the UK construction market

with shortages of materials and labour leading to price and programme uncertainty. Where possible fixed price arrangements have been entered into or suitable risk allowances included within the contract sum.

#### *Collyhurst*

- 1.27 The current budget for the first phase of the Collyhurst Programme is £30.5m and is due to be spent by March 2024. The budget has been reprofiled whilst the Development and Funding Agreement (DFA) negotiations with Far Eastern Consortium (FEC) and the ongoing Pre-Construction Services Agreement (PCSA) negotiations that FEC are undertaking with their preferred contractor are concluded. It is expected they will complete to enable a start on site in Autumn 2022. The expenditure forecasts for the scheme have been reprofiled with the scheme expected to be completed in 2025/26.
- 1.28 During the last quarter, the Council's bid for funding through Homes England's Shared Ownership and Affordable Homes Programme (SOAHP) has been approved, securing a contribution of £6.890m towards the cost of delivery.
- 1.29 In the next quarter, Officers will continue to work with FEC to progress and conclude the PCSA process and agree a fixed cost for the scheme. Once the construction contract is finalised, legal work can resume to make and submit to Government the Compulsory Purchase order (CPO), which was approved at March Executive
- 1.30 Risks remain around market volatility in the contracting sector, particularly in light of current Global events and the potential effect on delivery costs and the housing market, which may slow the pace of construction. Officers are working to secure a price for delivery of the Councils scheme and the programme will be continually evaluated throughout delivery to ensure development is suitably phased.

#### *Manchester Aquatics Centre*

- 1.31 The total budget for the Manchester Aquatics Centre refurbishment is £30.5m and the project is scheduled to complete in Summer 2024. For 2021/22, the outturn was £3.0m against a budget of £7.5m, a variance of £4.5m. This is due to the main contract being finalised later than previously forecast whilst the final costs were agreed. The strip-out works are progressing under a letter of commitment, and the main contract is now signed and sealed for Phase 1.
- 1.32 Additional core drilling surveys were completed to understand the buildup of the existing floor and work has now commenced on the demo/soft strip, compound, civils works, removal of the moveable floors and pool tank tile integrity survey. Value engineering is ongoing, and the project team are awaiting submission of the VE cost plan from the contractor.

#### *Hammerstone Road Depot*

- 1.33 The total budget for the Hammerstone Road project is £31.6m and the project is

due to complete in May 2024. For 2021/22, the spend was £2.1m compared to a revised budget of £11.4m, a variance of £7.6m. This is due to the delay in entering in the main contract.

- 1.34 The contract commencement date has been pushed back to allow further investigative works to the brickwork and steel frame within the loco shed, drainage and boundary wall to reduce risk within the main contract and respond to comments from planners. Some of the delay to the contract commencement date will be mitigated because of the benefits that will arise from these exploratory works being undertaken pre-contract. The budget for the main scheme is being finalised with likely pressures due to discovery issues and the impact of inflation. The scheme remains a priority because it is the main depot facility owned by the Council, that is well located for servicing the whole city, that also plays host to other city services such as the library store, fleet and taxi servicing facilities and HGV electronic charging infrastructure.
- 1.35 A Letter of Commitment has been issued to the contractor in order to procure key sub-contractors including M&E, cladding and demolition works, which secures a fixed price on these elements and maintains the current programme.
- 1.36 In the next quarter, the Main Contract agreement and budget will be finalised. RIBA 5 design and Procurement of packages issued under the Letter of Commitment will continue, along with demolition works and asbestos removal to ancillary outbuildings and remediation works to the Gorton Lane boundary wall.
- 1.37 Key risks on the project are budget pressures, arising from the current market conditions and the inherent structural and ground contamination risks remaining on a building of this nature and historic use and maintaining the depot as a working site during construction.