

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee – 24 February 2020

Subject: Our Town Hall Project – Notice to Proceed into Construction

Report of: Deputy Chief Executive and City Treasurer

Summary

Previous reports to the Executive Committee and Resources and Governance Scrutiny Committee have provided regular progress reports on the refurbishment and partial restoration of the Town Hall and Albert Square under the Our Town Hall (OTH) project. This report provides Members with an update on the progress with the project to date, at the point at which the project is ready to issue a Notice to Proceed into the main construction phase of the Works.

Recommendations

Resources and Governance Scrutiny Committee is recommended to note:

1. On the basis of the Tranche 1 Works Packages procured to date (60% by value), and the level of design readiness to procure the balancing Tranche 2 (40%) packages, the project is suitably advanced for the Council to Commit to Construct, noting the arrangements that are in place to manage the risk of cost and programme overrun in the Tranche 2 Works Packages.
 2. A date for Completion of 22 December 2023 has been agreed with the Management Contractor.
 3. The project cost plan (for Construction) is reported in Part B to this report.
 4. Subject to approval of the Deputy Chief Executive and City Treasurer in consultation with the Deputy Leader and the Executive Member for Finance and Human Resources to these terms, a Notice to Proceed will be issued to the Management Contractor (Lendlease) and construction will commence on site in March 2020.
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Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

Our Town Hall will significantly increase its energy efficiency through the refurbishment process.
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Carbon emissions per person will be reduced through increasing the efficiency of the building services and increasing the use of the building. The operational phase of the project is predicted to emit between 20,223 and 22,303 T CO₂e between 2024 and 2038. The carbon emissions per person are reduced between 17% and 24% when compared to pre-refurbishment CO₂ emissions, and the energy consumption per head is reduced by up to 43%.

The construction phase of the project is forecast to emit 402 tonnes of CO₂. This number is significantly lower than a typical construction project of this scale, through the procurement of renewable electricity for the construction period and limiting the use of diesel powered equipment.

Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Manchester Town Hall refurbishment will provide the opportunity for a significant increase in employment within the building, and has stretching Social Value KPIs as a key deliverable.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The refurbishment will provide new opportunities for young people and graduates, including apprenticeships and work placements.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	<p>The refurbishment will increase the productivity and the efficiency of Council staff and support the development of an equitable city, taking advantage of new opportunities offered by devolution.</p> <p>There is also the opportunity through the co-location of public and private uses and new modern meetings rooms to promote collaboration and networking to strengthen the collaboration between organisations, businesses and residents, including the community and voluntary sector.</p>
A liveable and low carbon city: a destination of choice to live, visit, work	The refurbishment will contribute to sustainable economic growth by retaining employment within a central location. It will significantly enhance the Town Hall's energy efficiency and enable the incorporation of sustainable design features.

Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A connected city: world class infrastructure and connectivity to drive growth	The refurbishment will retain and improve public uses within an accessible city centre location, connected to residents and visitors by the City's expanding public transport network. The work will reinforce the City's role as the centre of public and private sector networks and meetings in the north, with connections through the Airport to support international events.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Report to Executive Committee – Town Hall Complex Strategy – 23 July 2008
- Report to Executive Committee – Town Hall Complex Programme – Transforming Customer Experience – 11 February 2009
- Report to Executive Committee – Town Hall and Albert Square Maintenance Programme – 1 October 2014
- Report to Executive Committee – The Refurbishment of Manchester Town Hall and Albert Square: 'Our Town Hall' – 27 July 2016
- Report to Executive Committee – The Refurbishment of Manchester Town Hall and Albert Square: 'Our Town Hall' – 16 November 2016
- Report to Executive Committee – Capital Programme (Budget 2017/18 – 2021/22) – 11 January 2017 and 8 February 2017

- Report to Executive Committee – Manchester Town Hall and Albert Square: ‘Our Town Hall’ – 8 March 2017
- Report to Resources and Governance Scrutiny Committee – Our Town Hall Social Value and Communications – 22 June 2017
- Report to Resources and Governance Scrutiny Committee – ‘Our Town Hall’ – 7 September 2017
- Report to Executive Committee – Manchester Town Hall and Albert Square: ‘Our Town Hall’ – 13 September 2017
- Report to Resources and Governance Scrutiny Committee – Manchester Town Hall and Albert Square ‘Our Town Hall’ – 9 November 2017
- Report to Resources and Governance Scrutiny Committee - Manchester Town Hall and Albert Square ‘Our Town Hall’ – 1 February 2018
- Report to Resources and Governance Scrutiny Committee Ethical Procurement Sub Group – 22 February 2018
- Report to Resources and Governance Scrutiny Committee – Our Town Hall Project – Budget Position Update – 24 May 2018
- Report to Ethical Procurement and Contract Monitoring Sub Group - 7 June 2018
- Report to Council – 11 July 2018 – ‘Our Town Hall update’
- Report to Resources and Governance Scrutiny Committee- 06 September 2018 - ‘Management Contractor Procurement.’
- Report to Report to Resources and Governance Scrutiny Committee – 06 December 2018 – ‘Letting of the Management Contract’
- Report to Executive Committee – 12 December 2018 – ‘Management Contractor Appointment’
- Report to Ethical Procurement and Contract Monitoring Sub Group – 31 July 2019
- Report to Ethical Procurement and Contract Monitoring Sub Group – 04 October 2019

1.0 Summary

- 1.1 This report covers the progress to date with the Our Town Hall (OTH) project, and concludes that the project is sufficiently advanced for the Council to issue a Notice to Proceed (NTP) into the main construction works, which will commence on site March 2020.
- 1.2 The report describes the status of the project at the date of NTP, and the governance and procedures that are in place to manage the project through the construction period and into project completion.
- 1.3 The Council has engaged Lendlease as its Management Contractor to manage the project, procure the works, advise on risk and to contract with works package contractors who have the primary responsibility for undertaking the works. The Management Contractor is to assume the financial and contractual burden associated with administering the works packages, but would not undertake any of the construction works itself. The Management Contractor was to be paid a fee for its services (split between the pre-construction period and the construction period) and be reimbursed the cost of its preliminaries and overheads.
- 1.4 The contract with the Management Contractor requires that before the Council issues the NTP it has to satisfy itself that a number of key documents and dates have been agreed with the management contractor, including the supplemental particulars, project cost plan, date of completion, and the preliminaries cost schedule. These documents are now agreed, and as such the project is ready to progress into the construction period.
- 1.5 The Council's Internal Audit team has reviewed the procurement process in the run-in to NTP and has stated that:

'We are satisfied that a transparent and robust process has been applied to secure the completion of RIBA stage 4, including the completion of designs, letting of work packages, development of the Project Cost Plan, defining the project plan, and agreement on the preliminaries.'

- 1.6 The following should be noted:
- The budget will become more defined by Notice to Proceed and as the various works packages are procured. However, the Council will not have cost certainty until the final account is agreed under the Management Contract.
 - The appetite within the insurance market to cover construction risk, particularly heritage buildings, has reduced significantly in the wake of recent fires, most notably at Notre Dame in Paris last year. Over the last 12 months, the team has worked hard with insurers to prove the approach to the management of construction risk and secure insurance cover. At the time of writing this report, a range of insurers have committed to provide 100% cover for the various insurable risks with

some aspects of final terms and the formal placement of cover to be finalised. It is possible that the final terms of the insurance policies will require amendments to the Management Contract. Finalisation and formalisation of arrangements are scheduled to complete by the end of February but if this is delayed for any reason there is a risk that works on site may be unable to commence in accordance with the Accepted Programme.

- 1.7 The project is now ready to commit to construction. The next step is approval from the Deputy Chief Executive and City Treasurer in consultation with the Deputy Leader and Executive Member for Finance and Human Resources to Commit to Construct and issue the Notice to Proceed.

2.0 Background

2.1 Activity to date

- 2.1.1 It is over two years since the Town Hall closed its doors to the public to undergo a major project to secure the long term future of Manchester's civic heart and most iconic public square.
- 2.1.2 Since January 2018, a huge amount of behind the scenes work has been carried out to ensure that the construction phase can begin from March 2020. Starting with the decant of the Council services to alternative locations, a series of complex intrusive surveys have been undertaken and the assets within the building carefully catalogued and placed into suitable storage.

a) Heritage Assets

- 2.1.3 Once the decant of staff was completed, the building had to be cleared to allow more intrusive survey work to take place. 140 years of collected treasures and other assets had to be examined, recorded and archived.
- Collectively weighing in at over 10 tonnes, 35 sculptures were moved to temporary homes, while the larger sculptures – Dalton and Joule in the entrance hall - have been boxed in for protection. All were assessed, cleaned and photographed before being moved.
 - Almost 90 paintings were taken down, condition-checked, individually boxed and sent to storage, with the exception of the largest painting: the 3.5m wide 'Central Executive Cotton Famine Relief Committee', which has been loaned to Manchester Art Gallery for their "Get Together & Get Things Done" exhibition.
 - The entire collection of historic chairs and other pieces of furniture were removed to storage.
 - The immense collection of plans, drawings and designs from the Sewer Plans Room was taken away by the Council's Archives+ Team as part of a project to document, clean and archive them all.
 - The Archives+ Team has also removed thousands of glass plate negatives from the Town Hall's Photographers Workroom, which have been digitised for ease of access.

- The amazing collection of silverware and the huge number of Civic Gifts were carefully recorded, packaged and removed to store.

2.1.4 Many of these artefacts will form part of a public exhibition in a new Visitor's Centre which will feature on the ground floor of the building when it reopens in 2024.

b) Intrusive Surveys

2.1.5 Over the course of eight months, experts in a huge range of heritage and craft fields made painstaking inspections and assessments of the condition of the building. Their work has informed the design team's understanding of the building's original construction and the specification of the scope of the works packages to be tendered.

2.1.6 Over 590 individual surveys were completed, using 124 different survey types, and requiring Listed Building Consent for over 1,300 interventions. These included:

- Lifting suspended timber flooring;
- Heritage paint analysis;
- Stone and terracotta repairs;
- Trial cleaning;
- Core drills and compression tests to floor slabs;
- Timber rot surveys;
- Chimney CCTV surveys;
- Mural condition survey;
- Lead roof inspections;
- Timber, metal and stained glass window repairs;
- Mosaic analysis, removal and repairs;
- Inspection of the Clock Tower, and 3D images of the roof;
- Checking the condition of the huge light fittings with one of each design being taken down for assessment.
- A full and detailed survey was made to assess the condition of the Grade 1 listed Albert Memorial.
- Asbestos surveys;
- Dilapidation surveys to record the condition of all parts of the building prior to works commencing;
- Drainage investigations; and
- Trial pits to explore below ground conditions across the Public Realm and within the inner courtyard.

2.1.7 These intrusive surveys, and subsequently a series of further due diligence surveys undertaken after the appointment of Lendlease as Management Contractor, have significantly enhanced the understanding of the building and enabled the project team to much more confidently scope the works and assess the level of risk of later discovery.

2.1.8 Lendlease used the intrusive survey information as the basis to inform a series of due diligence surveys in advance of the planned start of Early Works in September 2019.

c) Early Works

2.1.9 A series of Early Works were agreed with Lendlease which could be undertaken in advance of the main construction works, such that these would de-risk the overall programme through a limited number of early interventions. The Early Works commenced on site in September 2019, and have included:

- Hoarding and enclosure to Lloyd Street;
- Hoarding to site boundary;
- Scaffold design and the erection of scaffold along the Albert square elevation. It is understood that, when complete, the OTH scaffold will be the largest of its kind in the UK;
- Site logistics;
- Courtyard remedial works;
- Placement of order for the temporary site accommodation;
- Removal of paving and creation of hardstanding for the temporary accommodation in Albert Square;
- Creation of mock-up rooms which will assist in the completion of the Fit Out design;
- Pre-Construction Services Agreement for MEP Work Package;
- Temporary electrical services;
- Asbestos and hazardous waste removal; and
- Soft strip and MEP strip out.

2.1.10 Whilst not part of the OTH project, the team has also worked alongside Vital Energi to ensure that the below ground infrastructure for the Civic Quarter Heat Network (CQHN) was installed across the site.

2.1.11 Procurement of these early works has enabled a planned start on site of the main construction works for OTH in March 2020.

d) Stakeholder Engagement

2.1.12 Since early in RIBA Stage 2, the project has engaged regularly with a wide range of stakeholders, both internal and external. The developing detail of the design was submitted regularly to Project Board and Strategic Board, and in the period between August 2017 and September 2019 (the date at which pre-planning design information was concluded), the team consulted with stakeholder groups across the following work-streams:

- Wayfinding and interpretation;
- Security;
- Internal and external events;
- Public Realm (including CQHN);
- Catering;

- Heritage;
- Health, Safety and Wellbeing;
- Fire Safety;
- ICT and Audio Visual;
- Sustainability;
- FM Operations;
- Interior Design;
- Exhibitions and Visitor Centre;
- Organ Group;
- Access Panel; Design and Heritage Panel;
- Press and media;
- Community;
- Statutory Applications; and
- Landowners and Neighbours.

2.1.13 Detailed and overwhelmingly successful consultations have continued with the heritage bodies such as Historic England, the Victorian Society, the Manchester Conservation Area and Listed Building Advisory Panel, and the Local Planning Authority. There has also been continuous engagement and consultation with a wide variety of focus and stakeholder groups, as well as the wider Mancunian public community.

2.1.14 For each of these work-streams noted above, attendance has included relevant Members, Council Services, Statutory Undertakers, Greater Manchester Police, TfGM, Utilities Companies; Historic England, the Victorian Society and a number of Special Interest Groups (such as Access Groups and Footpath Societies).

2.1.15 In advance of the application for Planning Consent, and to ensure that plans were shared with key stakeholders, a series of engagement sessions were held during RIBA Stages 3 and 4. These included:

- a presentation and workshop to discuss access arrangements and design with The Disability Access Group in April 2019;
- an open day for the official “closing” of the building in January 2019;
- three events specifically for the Council’s business neighbours and invited groups such as the Footpath Society;
- a ‘meet the buyer’ event for local businesses to find out more about the work packages that will be on offer.
- two 3-day public engagement sessions in March and June at Central Library, where members of the Design Team with expertise in architecture, public realm and heritage were on hand to talk people through the plans. Many attendees expressed amazement at what has already been achieved and looked forward to the eventual completion of the project.
- Members were invited to engagement sessions on design at the end of RIBA Stages 2 and 3.

2.2 Design status

a) Summary

- 2.2.1 The eight overarching project objectives remain the fundamental basis for all design decisions on OTH.
- 2.2.2 Completion of Stage 4 design is scheduled for March 2020. At the point of NTP, the stage 4 design is substantially complete. There remains a small number of design elements that will remain to be completed beyond March 2020, chief amongst which are:
- Detailed scope of repairs to the Albert Memorial;
 - Detailed scope of repairs to the THX link bridges;
 - Fit out of the upper floors (third party accommodation); and
 - Response to planning conditions, where appropriate (for example, detail of the hard finishes in Albert Square).
- 2.2.3 These elements are well-defined and have been captured within the project's design management plan and cost plan.
- 2.2.4 Maintaining the design quality and heritage integrity of the proposals has been high on the agenda and an extremely good relationship based upon teamwork, trust and mutual respect has developed between the design team and the wider project team including the Management Contractor, the Client and the Design and Conservation Manager seconded to the project.
- 2.2.5 Reducing risk and operational burden for the Council whilst respecting the heritage value has also been paramount in developing the detailed design, as well as achieving an appropriate balance between capital cost and life cycle cost/ ease of maintenance.

B) Design Team Collaboration

- 2.2.6 Cohesion, collective experience and expertise are the overriding characteristics of the project design team and the wider project team including the client, operations, curatorial and heritage/planning team.
- 2.2.7 The additions to the team of Lendlease and NG Bailey over the past year has also been vitally important in the delivery of viable and pragmatic proposals for such a complex project.
- 2.2.8 The RIBA work stage 4 early works including the 'Pre-Construction Due Diligence Surveys' and the Mock-up Rooms, along with the coordination of the design using the BIM model, have all added to the ability to fully understand the detail required and justify the proposals. Moreover, the constant presence of the project team on site and the intrinsic knowledge that has consequently been gained has enabled the whole team to challenge the proposals and develop workable solutions collectively.
- 2.2.9 In short, the team know the building and its environs extremely well ('like the back of their hand') having worked in it together for over two years now.

This cohesion is vitally important and will be continued throughout the construction phase of the project.

2.2.10 A federated BIM Model has been utilised throughout stage 4.

c) Design Management Plan

2.2.11 Mid-way through RIBA Stage 4, the project team developed the Design Management Plan (DMP) to ensure the full coordination of the Stage 4 design, in support of the principle that for design to be 'Ready for Construction', it should be fully coordinated across and between disciplines.

2.2.12 The DMP was implemented following the detailed design reviews of the 'Tender Information' for the NTP Work Packages, provided by the consultants. During the reviews, the Project Team identified such matters as:

- missing design information;
- errors and/or coordination issues between information provided by each design discipline;
- known risks which have the potential to impact the design; and
- scope that will need to be included in work packages already tendered or, in the process of tendering.

2.2.13 The purpose of the DMP is to increase cost surety on the packages procured in advance of NTP, and this collaborative tool has allowed the project team to manage design risks together ensuring that all Project Team members maintain a shared ownership of Work Package design risks.

2.2.14 Where the DMP identifies elements of commercial risk these have been captured in either the Contingency Plan or cost plan.

2.2.15 The DMP will continue to be used through the procurement of the Tranche 2 packages. As the projects progresses and the remaining elements of design are concluded, the DMP will remain live until all packages are procured and all costs secured. The DMP will continue to capture all gaps, errors and coordination issues and track them through to resolution, aligned with the procurement programme.

2.2.16 The intrusive surveys undertaken at RIBA Stage 2, and subsequently the further due diligence surveys undertaken with Lendlease have significantly enhanced the understanding of the building. This has enabled the project team to provide a more detailed scope of works and better understand the level of risk and potential discovery, as reflected in the Contingency Plan.

2.2.17 That is not to say that all risk has been eliminated from the design, however, this is addressed through the Design Management Plan.

d) Planning, Listed Building and Building Control Consents

- 2.2.18 All primary consents were obtained in January 2020, albeit with a significant number of conditions that will require careful management and programme planning to discharge them as the works progress.
- 2.2.19 The well-established relationships and trust that have developed between the design team, planning consultant, management contractor, conservation/heritage manager, local planning authority, building control department and various statutory consultees will assist with the management of this process, was the case with the surveys and early works already undertaken on site.

2.3 Procurement

a) Strategy

- 2.3.1 A paper presented to Ethical Procurement and Contract Management Sub-group on 04 October 2019 described the Works Package procurement strategy for the project, noting that the Our Town Hall project was moving towards the latter stages of the design process, with Notice to Proceed and the start of construction works expected to begin in early 2020 and scale up over the course of that year. Lendlease were managing a programme of construction works that includes over 120 individual work packages and a large and complex supply chain.
- 2.3.2 The number of work packages has been derived based on a number of considerations. Some examples are:
- Strength of available supply chain
 - Value/size
 - Capabilities
 - Capacity
 - Number of operatives
 - Potential to deliver KPIs
 - Local labour and spend
 - Support for SMEs
 - Complexity and ability to manage interfaces
 - Appropriate allocation of risk.
- 2.3.3 In the intervening period since the paper was reported, the number of works packages has grown to 149.
- 2.3.4 The paper noted that the project procurement strategy comprises 6 procurement options, and each package will fall into one of these. These have been designed to provide sufficient flexibility to achieve best value in respect of the project objectives and are cognisant of the capacity for specific packages within the supply chain.
- 2.3.5 A fundamental benefit of the management contracting procurement route, acknowledged from the outset, has been the flexibility that it allows for the Council to prioritise the procurement of individual packages at times best

suited to achieving the optimum balance between cost and programme, as opposed to a single procurement of all of the works in one hit.

b) Package Criticality

- 2.3.6 One of the challenges of the Management Contracting approach is the lack of cost certainty achieved in the early stages of the project. Throughout RIBA stages 2 and 3, the Project Team were focused on the pursuit of increased certainty by focusing on surety of cost.
- 2.3.7 This has been addressed in part by focusing on the criticality of the works packages. Criticality is defined as how critical the package is to the project in terms of programme, value, trades dependency, logistics and decision dependency (decisions by the Council).
- 2.3.8 At NTP, 65% of the works packages noted as high criticality have been purchased. Of the remaining packages, the key risk to the project is the internal repairs within the fit-out cluster. The design for these repairs is now complete and initial analyses (based on Level 2) are illustrating the design is within the cost plan allowances.
- 2.3.9 The next tranche of procurement will focus on the demolition and builders work packages to bring additional surety to the remaining highly critical packages.
- 25% of packages noted as Medium Criticality are bought at NTP.
 - 56% of packages noted as Low Criticality are bought at NTP.

c) Package Surety

- 2.3.10 For OTH, the works packages have been split into two tranches. At NTP, the project has secured the high value, high risk work packages as part of Tranche 1, with the residual Tranche 2 packages comprising lower value, lower risk packages:
- **Tranche 1** comprises 61 packages, with a value equivalent to approximately 60% of the overall value of the Works. These are the Works Packages that have been procured at the point of Notice to Proceed.
 - **Tranche 2** comprises 88 packages, with a value equivalent to approximately 40% of the overall value of the Works. These are the residual Works Packages that will be procured in the period beyond NTP.
- 2.3.11 The 60% cost surety position comprises the Tranche 1 packages, and is built up as follows:
- Fixed price lump sum (86%);

- Re-measurable (8%) - a validation exercise on the external stone repairs post scaffold erection will be required. Whilst there is a degree of uncertainty at higher, less visible and accessible areas of the building façade, the risk on this package is considered low given that it has already been designed, measured, priced and bought);
- Defined provisional sums (3%);
- Prime cost sums (3% for electricity consumption charges);
- 97% of the NTP design has been tendered against either stage 4 information or better, with 17% at Stage 5 (construction ready);
- At NTP, 65% of 'high criticality' packages have been bought (see section 2.4); and
- Known future risk has been identified in relation to the Tranche 1 packages, and is allowed for.

2.3.12 The residual Tranche 2 packages which are yet to be bought comprise 40% of overall construction value. These are all well-defined, with allowances made within the cost plan, preliminaries schedule, Contingency Plan and programme.

2.3.13 These packages will be procured in accordance with the strategy and subject to the controls described in Section 6. For Tranche 2, 32% is at RIBA Stage 4 design or better, with 9% at Stage 5.

2.3.14 Stage 4 design is scheduled to conclude with the final release of the stage 4 information by 13 March 2020. Procurement beyond NTP will generate a further 21% of cost surety by December 2020.

2.3.15 The Project Contingency Plan has been fully updated and aligned to the risk position at NTP, including allowances for both known cost pressures and future risks, and all work package procurement has been subject to a rigorous process to test best value, which has involved senior Council Officers, including the Head of Procurement. In this context, best value is defined as value for money and Social Value contribution. The project is tracking ahead of its Social Value commitments, and is forecast to out-perform its KPIs at completion.

d) Summary of package procurement at NTP

2.3.16 Work package procurement has been undertaken by Lendlease in accordance with the Management Contractor Specification and the agreed contract procedure. This procedure is back to back with the Council's Ethical Procurement Policy, and the Social Value KPIs for the project (which are described in Section 1.2.4).

2.3.17 Regular oversight of the procurement process is provided by the Executive Procurement Group (EPG) on a fortnightly basis, chaired by the Project Director and attended by the Council's Head of Procurement. EPG has been supported by the following additional levels of scrutiny:

- The Council's Internal Audit Team;

- Reports to Ethical Procurement Sub-group, most recently in July and October 2019;
- Oversight by the Deputy Leader of all packages placed with a value in excess of £250k;
- Periodic reviews by the project's Technical Assurance and Validation Panel;
- Approval of single sourcing procurement strategies by the Executive Member for Finance and Human Resources.

e) Tendered Packages

2.3.18 As at the date of NTP, 61 packages have been tendered, with a total construction value of £128m. Of these tendered packages, the following proportions have been placed with local businesses:

- 63% have been placed with Manchester-based businesses;
- 84% have been placed with Greater Manchester-based businesses.

f) Packages not yet tendered

2.3.19 32% by value of the Tranche 2 packages has achieved RIBA stage 4 design. This will be completed in March 2020. The Lendlease tender event schedule maps out the programme for procurement of these residual packages, for which the majority of tender lists have been agreed. All remaining packages will competitively tendered using stage 4 design.

2.4 Social Value

2.4.1 Achieving economic and social value for Manchester has been a core project objective from the very start. To date there has been significant progress made against the project KPIs and in the way in which social value has become embedded in the wider project team's day to day work.

2.4.2 On a number of occasions in RIBA stages 2 and 3, the project has reported at Resource and Governance Scrutiny Committee and its Ethical Procurement Sub-Group. Feedback from members has been instrumental in the way that targets have been set and refined as the project has evolved, to ensure that opportunities for the people and businesses of Manchester are at the forefront.

a) The role of the management contractor

2.4.3 When bidding for the role of management contractor, Lendlease was required to forecast which packages would contribute to the delivery of all project KPIs, including Social Value, and this forecast informed the offer that was inserted into the Contract. This forecast was based on the work they had already done to ascertain supply chain capacity for each package.

- 2.4.4 Over the course of RIBA Stage 4, there has been close working with the Lendlease team to prepare for the start of construction by ensuring that social value is driven right through the supply chain, that they have the right contacts and relationships with partner organisations across the city, and that processes and procedures are embedded that will allow performance against project targets to be effectively forecast, tracked and monitored.
- 2.4.5 The Lendlease team has formed relationships with key employment support and training providers in Manchester. This includes the DWP Employee Suite, Yes Project in North Manchester, The Works in Central and South Manchester and Wythenshawe Skills and Employment Group in Wythenshawe and will allow us to make use of existing funded services to support people in to opportunities on OTH.
- 2.4.6 Minimum performance targets have been agreed for each Social Value KPI on a work package basis, with support and guidance provided for work package contractors to make it as easy as possible for them to meet and exceed the required standards.
- 2.4.7 Extensive market engagement has been conducted with the supply chain to identify and engage with Manchester based suppliers and contractors, and then to support them through the procurement process.
- 2.4.8 The Council's Ethical Procurement Policy is embedded into the contract with Lendlease, and a monitoring framework is being developed between Unite and Lendlease to ensure that this and the Unite Charter is appropriately reflected throughout the project supply chain.

b) Achievements to date

- 2.4.9 Of the Tranche 1 packages procured at NTP, 63% is spent in Manchester, and 84% in Greater Manchester.
- 2.4.10 Social Value is an obligation for the whole project team, and each partner organisation working on the project is contributing.
- 2.4.11 The key achievements to date include:
- New Jobs Created – 33 Manchester resident jobs have been created across the Project Team in a variety of roles including procurement, commercial management, project management, ground works, cleaning, facilities and traffic management.
 - Apprenticeships – 15 higher level apprenticeships have been provided through the M Futures programme, with 5 of the 6 apprentices in the first cohort completing and staying in the industry, and three of these remaining with employers on Our Town Hall. Mace Apprentice Abdul Tahir, from Whalley Range, won Apprentice of the Year at the GMCC Property and Construction Awards 2019.
 - Local Spend – £51m worth of orders placed in the Manchester area and further £2m in Greater Manchester. Lendlease has contacted over

50,000 suppliers in the Manchester area with over 400 attending Meet the Buyer events held in April 2019 and October 2019. £34m is still to be procured with a target of £19m in Manchester and £15m in Greater Manchester. Engagement workshops to be held March/April 2020 at which potential tenderers will be invited to learn more of the opportunities to work on the project.

- Schools Engagement - 79 sessions held in Manchester schools covering careers, employment and STEM. Project staff have also volunteered as mentors through the One Million Mentors scheme.
- Work Experience – 72 placements provided for school and college students, including through the shared work experience programme. Lendlease has recently taken on the first T-Level placement with the Manchester College.
- Higher Education Engagement – The project has worked with over 1400 students providing site visits, careers fairs, mentoring, work placements, industry placements and more. Taking part in the annual Manchester School of Architecture Events programme, the project has begun connecting students with local schools and colleges.
- Volunteering – The total amount of voluntary time committed now stands at over 1800 hours. Projects supported include Barnabus Homeless Drop-In Centre, Longsight Youth Club, Canal and River Trust and many more.
- Working practices – all contractors working on the project are asked to commit to paying the real living wage and avoid employing people on zero hour contracts. The Council's Ethical Procurement Policy is embedded into the contract with Lendlease, and a monitoring framework is being developed with Unite and Lendlease to ensure that this and the Unite Charter is appropriately reflected throughout the project supply chain.
- Using the monetary values set out in the management contract, the project team has to date delivered an ROI social value benefit in excess of £1.5m.
- The project is forecast to deliver an overall ROI forecast in excess of £11.5m, which equates to 3.7% of the overall capital budget.

2.4.12 The table below sets out in the form of a dashboard for each of the Social Value project KPIs, the project base target, current achieved outcomes and forecast outcomes at project completion.

KPI Ref	KPI Summary	Project Base Target	OTH Project Actual to Date	LL Procured to Date	LL Forecast Remaining Procurement	Combined Total	Forecast Variance against Project based target
SV1	Local Employment	30%	21%				
SV2a	MCR Spend	40%	57%				
SV2b	GM Spend (inc MCR)	50%	68%				
SV3	New jobs created	45	32.5	18	46	96.5	51.5

SV4	New qualifications achieved	50	4	22	48	74	74
SV5	New professional memberships achieved	20	1	26	0	27	7
SV6	Progression in professional memberships	20	0	9	13	22	2
SV7	School / college careers / employment sessions	50	70	18	58	146	96
SV8	School / College STEM sessions	50	9	29	39	77	27
SV9	Higher education students supported	1500	1491	300	1722	3513	2013
SV10	Higher education research projects supported	35	5	5	8	18	-17
SV11	Work placements 14-16 yrs	50	43	2	37	82	32
SV12	Work placements 17+ yrs	50	19	19	42	80	30
SV13	New apprentices up to level 3	100	1	34	93	128	28
SV14	New apprentices level 4+	50	18	17	44	79	29
SV15	Manchester resident apprentices	100%	N/A	N/A	N/A	N/A	N/A
SV16	Existing apprentices employed	100	1	31	78	110	10
SV17	Completing apprentices	100	5	34	76	115	15
SV18	Volunteer hours spent	10,000	1841	3890	11538	17269	7269
SV19	Compliance with MMW	100%	100%	100%	100%	100%	100%
SV20	Compliance with Ethical Procurement Policy	100%	100%	100%	100%	100%	100%

c) Looking ahead

- 2.4.13 With the exception of SV10 (Higher Education research projects supported), the project is forecast to exceed the baseline project targets for Social Value. Work is underway to address this potential shortfall, with two new research programmes commencing January 2020.
- 2.4.14 The project team is working on initiatives to challenge stereotypes about the industry and provide opportunities for Manchester residents of all backgrounds to develop their skills, experience and understanding of the construction sector. There is a system in place to monitor diversity in the workforce, working proactively with partners to ensure that the opportunities created are accessible to all communities.
- 2.4.15 In summary, the good work already undertaken previously has been built upon with Lendlease, and there are solid foundations in place to continue to deliver great Social Value outcomes across the life of the project. At the point of NTP, all Social Value KPIs are forecasted to be achieved and the team is seeking opportunities to go further still.

3.0 Documents Required prior to instructing NTP

- 3.1 The Contract with the Management Contractor requires that before the Council issues the Notice to Proceed it has to satisfy itself that a number of key documents and dates have been agreed with the management contractor, including the Project Cost Plan, the Supplemental Particulars, Date of Completion, and the Preliminaries Cost Schedule. These documents are now agreed, and as such the project is ready to progress into the construction period.

4.0 Project Cost Plan- See Part B Report

5.0 Supplemental Particulars

- 5.1 The Supplemental Particulars record the position reached between the Council and Lendlease in three specific areas of the Contract:

- Project Cost Plan Total: See Part B Report.
- Start and completion dates for The Town Hall and Albert Square and Public Realm:
 - 1 May 2019 – 22 December 2023;
- The Management Contractor's Staff and management preliminaries submission (see Section 6 below);

6.0 Preliminaries Cost Schedule

- 6.1 Project preliminaries are defined as the cost of staff, general facilities and resources required to support the delivery of the Works. These can be procured as part of the management contractor's price or, if better value can be obtained by so doing, as part of individual works packages.
- 6.2 The management contract requires that the Preliminaries Cost Schedule is agreed prior to instructing NTP.
- 6.3 The allocation of preliminaries responsibilities between Lendlease and the Works Packages is detailed in the Preliminaries Matrix which was developed during the pre-construction period by the project team.
- 6.4 This approach ensures that all preliminaries requirements are co-ordinated in the most efficient way, without duplication, and that where necessary responsibilities are backed off against Works Package contract documents.
- 6.5 There are a number of large preliminaries Works Packages that will provide support to all trades across all phases of the project. This will improve coordination and efficiency, reducing standing time and disruption. These include Logistics, Internal Scaffolding, External Scaffolding, Project Accommodation, Temporary Electrics, Temporary Protection and Rubbish Removal, all of which have been procured, with the exception of Internal Scaffolding (which will be tendered during 2020 along with the Fit-Out Works Packages). This approach also avoids the profit-on-profit scenarios that might otherwise apply if preliminaries are procured across the 149 work packages.
- 6.6 At the point of committing to NTP, 93% of the project preliminaries requirements have been tendered, all of which are lump sum prices and align with the Accepted Programme. The Lendlease element of the preliminaries benchmarks well against the wider construction marketplace.
- 6.7 Within this, the lump sum price for the management contractor has been agreed during the pre-construction period using the staffing rates tendered by Lendlease, and based on the Accepted Programme.
- 6.8 The Management Contractor's lump sum price will cover the following:
- Management staff to discharge the Management Contractor's obligations;
 - Management Contractor's insurances;
 - Miscellaneous site office costs e.g. stationery and ICT equipment;
 - Miscellaneous site facilities e.g. first aid and fire extinguishers.
- 6.9 All other elements will be procured within the Works Packages.
- 6.10 The price agreed with Lendlease is reported in Part B.

7.0 Date for Completion

7.1 Programme Overview

- 7.1.1 The Master Programme presented by Lendlease to the Council for acceptance has been developed from the RIBA stage 4 design, which is complete with the exception of the internal restoration and fit out.
- 7.1.2 Working with its supply chain, Lendlease has developed an optimum programme which protects the heritage and high significance assets and is founded on the principles of quality of workmanship and a right first-time approach.
- 7.1.3 The date for the completion of the works is 22 December 2023. This is the date at which the Contractor passes responsibility for the completed works back to the Council. At this point, the Council will commence the occupation of the building, and the run-in to operational Go-Live.
- 7.1.4 Included with the programme is a table of key milestones and client key dates. Chief amongst these are to Issue Notice to Proceed in early March 2020, with the main works commencing on site later that month and a date for completion of December 2023.

7.2 Approach to development of the Master Programme

- 7.2.1 The Project Manager has reviewed the assumptions underpinning the programme and has identified a list of opportunities for potential improvement.
- 7.2.2 Lendlease has relied upon the experience of fitting out the mock-up rooms, which were undertaken early to test assumptions made during the design period, and the input of the work package contractors that are key to development of the programme critical path, to develop their detailed programmes for inclusion into the accepted programme.
- 7.2.3 The programme for packages that will be procured beyond NTP is based upon a combination of market-tested feedback and the benchmarking and experience of Lendlease as Management Contractor. Therefore, in the same way that cost surety is more fully developed for the NTP packages, programme surety is more developed for those packages already procured at NTP.
- 7.2.4 It should be noted that until all residual packages are procured, the programme carries a degree of risk, and that further developing design, onsite discoveries and subsequent marketplace engagement and tendering may require that the Master Programme is updated periodically. The protocol for monitoring and reporting programme progress is described at section 8.0 below.
- 7.2.5 The programme is based on detailed coordination between the external façade repairs and restoration and the internal alterations, interventions and subsequent internal restoration and fit out. It can be summarised into four key elements of work:

- Enabling and External repairs,
- Major interventions/alterations,
- Internal restoration,
- Commissioning

7.2.6 These key elements are phased over five zones and the general flow of work within the Town Hall commences with MEP plant and equipment and main distribution routes in the Lower Ground floor (plant rooms and associated spaces), before adopting a top down approach from level 7 to ground floor, and then working out of the building and safeguarding the significant heritage spaces.

7.3 Opportunities

7.3.1 Lendlease and the wider project team are committed to continue to seek opportunities to improve programme performance, particularly as the final elements of stage 4 design are released, and detailed scope is available to initiate more supply-chain engagement, challenge and validation. Opportunities to improve programme have been identified, including durations for stonework, leaded windows, heating, scoping of fabric and finishes repairs, and the elevated link bridges to THX.

7.3.2 At this stage the project has received Planning/Listed Building Consent and viewed the pre-development conditions; and whilst a number of proposed amendments to condition wording were taken on board by the Council's Planning Service, there remain some conditions that were not amended and these will be reviewed to determine whether there is a need to make a formal application to amend or apply for an immediate condition discharge. Work is ongoing to discharge specific pre-commencement conditions.

7.4 Soft Landings

7.4.1 A Soft Landings approach is being followed on the OTH project in line with BSRIA BG 54/2014 'Soft Landings Framework,' which was developed as a protocol that will ensure that the building is operationally ready from day one of occupation, with a minimum of defects requiring rectification beyond the date for occupation.

7.4.2 Soft landings is a collaborative process and has been developed in conjunction with the Council's Building Operations Team to ensure that the commissioning and handover sequence reflects the lessons learnt from the THX and other projects.

7.4.3 The programme has dedicated periods for cause and effect testing and operational testing of individual systems and areas of the building to ensure a smooth and structured hand-over. Support will be available from the supply chain in building familiarisation and training of the operational and FM staff of the building beyond the Date for Completion.

8.0 Project Management Plan

8.1 Forward Look

8.1.1 The forward look comprises two elements: project controls and team dynamics.

8.2 Project Controls

8.2.1 At the point at which there is a commitment to construction, a level of confidence in the outturn cost and programme which has been secured, based upon the procurement of the most critical packages, and a risk-assessed approach to the development of the contingency plan.

8.2.2 This section will describe the controls that will be implemented during the construction period in managing design, cost, risk, and programme. These controls are set out within the Management Contract Specification, and describe the rules of engagement for the project.

8.2.3 **Design:** the Design Management Plan will remain live until all packages are procured and all costs secured. The DMP captures all gaps, errors and coordination issues and tracks them through to resolution, aligned with the procurement programme. Stage 4 design is scheduled to conclude with the final release of the fit out cluster packages by 13 March 2020. Progress will be routinely reported at Project Board and Strategic Board.

8.2.4 **Cost:** moving into construction, the Quantity Surveyor will continue to control cost and reporting, working closely with the Management Contractor, who in turn will be responsible for the procurement and placement of works packages. The Executive Procurement Group (attended by the Project Director and the Council's Head of Procurement) will continue to sign off on package procurement, reporting on progress to Project Board. Monthly commercial meetings will be chaired by the Quantity Surveyor throughout the construction phase to review overall cost, budgetary issues and valuations, and will include the MCC Finance Lead.

8.2.5 Project Change Control protocols have been updated to align with the contract administration provisions of the Contract.

8.2.6 **Risk:** Contingency allowances are set aside for the construction work packages. In addition, the project risk register will continue to be used to manage risk through to project completion. The Management Contractor Specification requires routine monthly risk review meetings, in addition to risk reduction meetings which will be arranged in response to early warnings raised during the works.

8.2.7 **Programme:** the Management Contractor will provide confirmation on at least a monthly basis as to whether there have been revisions to the Accepted Programme, and report to the Project Manager reflecting all revisions in accordance with the project reporting dates, or whenever a

change instruction is accepted, or whenever any of the key milestones are at risk of not being achieved. Where key milestones are at risk, the Management Contractor is required to submit proposals to mitigate delay.

- 8.2.8 During the construction period, the TAV Panel is available to provide technical assurance and independent challenge to the project team in the event that this is deemed necessary. This may be at key milestone events, or if necessary in the event of unforeseen events that require a significant change to the project plan.
- 8.2.9 **Governance:** the project has a financial governance structure within the delegated authorities agreed for use of the project contingency funding during construction. The Contract Administrator has approval of a one-off limit of £5k and Project Director of £25k with a cumulative of £100k per quarter through the construction phase. These limits and use of contingency will be robustly monitored on an on-going basis, and additional approvals will be sought as required in line with the approval levels.
- 8.2.10 Provided that packages come back within the agreed contingency level set out in the contingency plan, approval to order for these packages can be made within the delegated authorities agreed. Should the package cost post tender fall outside the level allowed in the Contingency Plan, then approvals will be sought in line with the project governance structure and delegated authority levels.
- 8.2.11 The use of contingency funding will be reported through the OTH Project Board and Strategic Board so there is clear visibility on the use of contingency through out construction, along with the on-going financial monitoring of the project.

8.3 Roles and Responsibilities – an Overview

- 8.3.1 As the project moves from the pre-construction into the construction period, the focus for the project will shift to the management of construction works across circa 149 packages of work, with as many as 560 staff and contractors on site at the peak of the works.
- 8.3.2 This will represent a significant upscaling, and a change to the dynamics of the team and to the role undertaken by each of the key project participants.
- 8.3.3 Whereas to date, the drivers for the Council's project management staff have been primarily focused on design outcomes and consents, during the construction stage the key driver of performance across the project will be the management of the relationships between the Management Contractor and its supply chain. The number of interfaces between Works Packages and the risk of Discovery on site will require an agile and responsive team that is resourced and empowered to react to unforeseen circumstances in a way that avoids unnecessary delay and costs.

- 8.3.4 Project contingencies exist for unforeseen and discovery risk during construction, and for fees which may be necessary to deal with the subsequent response. This will mitigate against the delays that would otherwise be incurred and instructions will be managed within the project's Scheme of Delegation for approvals.
- 8.3.5 The role of the consultant team will shift from design to supervision and certification of the quality of the works, and each member of the consultant team that has supervision duties will provide a dedicated resource to work with the Management Contractor to ensure high quality construction standards are achieved throughout. A critical area of responsibility for the consultant team will be the monitoring of the discharge of Planning Conditions and validation that the Works are being conducted appropriately and in accordance with all Planning and Listed Building Consents.
- 8.3.6 The Management Contractor will have a total project staff of 78, of which 50 are dedicated to the management of the supply chain, inducting Works Package Contractors into the project, managing the numerous interfaces between adjacent Works Package work-faces, and administering the terms of the individual works package contracts. As part of the run-in to NTP, Lendlease has progressively introduced to the project the construction management staff that will be integral to these activities, each of whom has been allocated responsibility for their own specific works packages and work-streams.
- 8.3.7 Operating above the construction management team are a number of project management staff, charged with management of the interfaces between these work-streams.
- 8.3.8 The size of the challenge in managing the interfaces between so many packages should not be underestimated, and whilst Lendlease has satisfied itself that it has in place the right staffing resource, it is acknowledged that a project of this complexity with so many interfaces is exceptional.
- 8.3.9 The Management Contract specification requires that the management contractor establishes and chairs quarterly interface meetings and workshops with, and between, the works contractors and, where appropriate, other members of the project team to review project performance and identify opportunities for improvement. This is the opportunity for the Council and consultants to monitor the performance of the team and address issues where necessary.

9.0 Conclusion

- 9.1 The management contracting procurement route has been adopted by the Council for this project and in acknowledgement of the complexity inherent in a project of this nature within a Grade 1 listed building and working with a specialist heritage supply chain. It was always intended, and indeed is one of the key points of the contract with Lendlease, that the Council would procure works packages progressively, and would commit to construction at the point

at which an optimum balance between cost surety and programme duration had been achieved.

- 9.2 Working with Lendlease as the Council's construction partner, there is a cohesive team that is working collaboratively on all fronts, which puts the Council in a good place to move into the construction stage of the project.
- 9.3 This Report concludes that on the basis of the Tranche 1 packages procured to date (60% by value), and the level of design readiness to procure the balancing Tranche 2 (remaining 40%) packages, the project is suitably advanced for the Council to Commit to Construct, noting the arrangements that are in place to manage the risk of cost and programme overrun in the Tranche 2 packages.
- 9.4 Subject to approval of the Deputy Chief Executive and City Treasurer in consultation with the Deputy Leader and the Executive Member for Finance and Human Resources, a Notice to Proceed will be issued to Lendlease in the following terms:
- Project Cost Plan Total: see Part B Report.
 - Start and completion dates for The Town Hall and Albert Square and Public Realm:
 - Town Hall: 1 May 2019 – 22 December 2023;
 - Albert Square: 16 January 2020 – 03 October 2023.
 - Preliminaries Cost Schedule Total: see Part B Report.

Glossary of Terms

Accepted programme:	The master project programme prepared by the Management Contractor and approved by the Contract Administrator, to include all significant activities set out in the Management Contractor Specification.
BSRIA: Building Services Research and Information Association	Not-for-profit member based testing, instrumentation and research association.
Management Contractor Specification:	Appendix to the Management Contract which sets out the Council's requirements regarding the role of the Management Contractor.
Notice to Proceed:	A date in the Management Contract at which the Council instructs the Management Contractor to proceed from pre-construction services into the construction stage of the Works
Ready for Construction:	The point at which the Management Contractor certifies that it is satisfied that the Project Information and design information is properly co-ordinated across and between disciplines and works packages.
TAV Panel: Technical Assurance and Validation	Specialist advisors selected and retained by the Council independent of the project team, to provide independent challenge.
Tender Event Schedule:	Schedule indicating all procurement activities and durations for all works packages from pre-qualification through to start on site.