

## **Governance and Regulatory Services Directorate**

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TO: THE LEADER AND MEMBERS  
OF THE EXECUTIVE

**Please ask for:**

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Mrs Durham

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MD

25 September 2020

Dear Member

### **SPECIAL VIRTUAL EXECUTIVE – MONDAY 28 SEPTEMBER 2020 AT 4.00 PM**

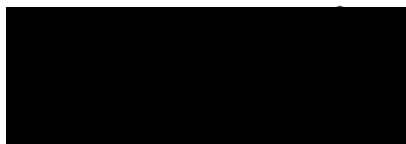
I refer further to the agenda and papers recently circulated for the special virtual meeting of the Executive to be held on **Monday 28 September 2020 at 4.00 pm.**

Please find attached the undernoted documentation which was marked 'to follow' on the agenda:

Agenda item B.1      The Sands Centre Redevelopment Project – Final Contract Sum  
and COVID-19 IMPLICATIONS:

Excerpts from the Minutes of the special Health and Wellbeing;  
and Business and Transformation Scrutiny Panel meetings held  
on 17 September 2020

Yours sincerely



Corporate Director of Governance and Regulatory Services



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## **EXCERPT FROM THE MINUTES OF THE SPECIAL HEALTH AND WELLBEING SCRUTINY PANEL HELD ON 17 SEPTEMBER 2020**

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### **HWSP.50/20 THE SANDS CENTRE REDEVELOPMENT PROJECT – FINAL CONTRACT SUM AND COVID-19 IMPLICATIONS** (Public and Press excluded by virtue of Paragraph 3)

The Deputy Chief Executive submitted an update on the progress made in the development of the Sands Centre Redevelopment Project. The update included a revised estimated final contract budget which included COVID-19 implications for the project together with an appraisal of project costs and other factors affecting the final budget.

The Deputy Chief Executive detailed the progress that had been made on the project since June 2019 including the conversion of the former Newman Catholic School into a temporary health and wellbeing facility; provision made for an NHS Musculoskeletal treatment service; a fully accessible temporary events centre reception at the Sands Centre and the development of the Main Contract design, works and sum ready for completion. In addition the Deputy Chief Executive gave an overview of the challenges and project impediments which had been addressed during the time, some of which, including the Covid-19 pandemic, had caused a delay in preparations for the conclusion and signing of the Main Contract. The report also included an update Sands Centre strategic risk register.

The Corporate Director of Finance and Resources set out the financial implications for the redevelopment, including Covid-19 cost implications. An addendum to the report had been circulated and provided the Panel with further information regarding the revised business case.

In considering the report the Panel raised the following comments and questions:

- The Panel sought assurance that Covid-19 secure facilities would be available for workers on site.

The Deputy Chief Executive explained that Wates Construction were responsible for the onsite provisions, he assured the Panel that Wates had been proactive in ensuring they were Covid-19 secure for all of their contractors and supply chain. The City Council, as the client, would monitor the situation to ensure construction guidance was being adhered to.

- The original design proposal had included the use of local workforce and materials, had this progressed?

The Deputy Chief Executive responded that an update on the key performance indicators under the Scape agreement would be included in the report to the October meeting of Council.

- Why had the issues regarding asbestos not been identified at the start of the project?

The Deputy Chief Executive explained that the Council had been aware asbestos had been used in the building, however, the extent of the use of the material had not been known until a more intrusive survey was undertaken. He clarified that part of the lease agreement had been for the Council to take some responsibility to make the former Newman School building safe for development, although there had been asbestos in the Sands Centre, the majority of the work had been at the former Newman School site.

- There was a lot of uncertainty for the project moving forward due to the unknown impact of Covid-19 and Brexit. How would any further delays to the project, supply chain, or increase to materials be dealt with?

The Deputy Chief Executive agreed that there were many uncertainties moving forward, however, the Council would be entering into an NEC Contract which meant that any delay or price changes would lie with Wates Construction. The Council would monitor the project on a month by month basis, should any issues present themselves they would be managed through the contract.

- How confident were the City Council in GLL as a business moving forward?

The Deputy Chief Executive acknowledged that it had been a difficult time for GLL, as it had been with many other businesses. The Council had an excellent working relationship with GLL and had developed an open book approach to support GLL financially if required. In addition GLL had submitted a request to the Department for Digital, Culture, Media and Sport (DCMS) for money to be provided to the industry as well as applying for support from Sports England. Prior to the pandemic GLL had reported a surplus in their 2019 finances which showed that the demand for the services was there.

A Member added that there was evidence of demand for the services and facilities and she felt strongly that the project should move forward to provide good facilities to the people of Carlisle.

A Member commented that it was vitally important that the project moved forward and he reminded the Panel of the wide reaching effect of the development on the health and wellbeing of citizens.

- The Panel hoped that any changes to the cost of the project or the subsidy to GLL would not result in an increase in the cost to users of the facility.

The Deputy Chief Executive gave an overview of the subsidy arrangements with GLL and informed the Panel that they could be kept informed of how the risks were managed should they so wish.

- The Panel discussed the issues relating to the roof and the Deputy Chief Executive explained that further expert advice would be sought and reported back to the Panel.
- The building would no longer be viable as a temporary hospital, was there an alternative location should it be required?

The Deputy Chief Executive reported that the Local Resilience Forum were aware that the building could not be used as a temporary hospital in the future and other options would be considered if required.

- Was there scope for GLL to increase their outdoor provision during the pandemic?

The Deputy Chief Executive stated that GLL nationally were moving to alternative ways of providing their services including online classes.

- How likely would it be for Wates to claim for compensation under the terms of the contract?

The Deputy Chief Executive explained that Pick Everard had been engaged as contract administrator and one of their roles was to independently review any claims for compensation and the value of that claim.

- The Panel discussed the updated business case for the project and the Corporate Director of Finance and Resources responded to the Panel's questions regarding the financial options available to the Council.

RESOLVED – 1) That the Panel supports the progress on the Sands Centre Redevelopment Project as outlined in report CS.22/20 and ask that the Panel is kept informed of the ongoing risk monitoring and impact on services;

2) That during construction, Wates Contractors continue to put all available mechanisms in place to be Covid-19 secure and follow all construction services best practice and guidelines as appropriate.



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## **EXCERPT FROM THE MINUTES OF THE SPECIAL BUSINESS AND TRANSFORMATION SCRUTINY PANEL HELD ON 17 SEPTEMBER 2020**

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**BTSP.57/20      THE SANDS CENTRE REDEVELOPMENT PROJECT – FINAL CONTRACT  
SUM AND COVID-19 IMPLICATIONS**  
(Public and Press excluded by virtue of Paragraph 3)

The Deputy Chief Executive submitted an update on the progress made in the development of the Sands Centre Redevelopment Project. The update included a revised estimated final contract budget which included COVID-19 implications for the project together with an appraisal of project costs and other factors affecting the final budget.

The Deputy Chief Executive detailed the progress that had been made on the project since June 2019 including the conversion of the former Newman Catholic School into a temporary health and wellbeing facility; provision made for an NHS Musculoskeletal treatment service; a fully accessible temporary events centre reception at the Sands Centre and the development of the Main Contract design, works and sum ready for completion. In addition, the Deputy Chief Executive gave an overview of the challenges and project impediments which had been addressed during the time, some of which, including the Covid-19 pandemic, had caused a delay in preparations for the conclusion and signing of the Main Contract. The report also included an update Sands Centre strategic risk register.

The Corporate Director of Finance and Resources set out the financial implications for the redevelopment, including Covid-19 cost implications. An addendum to the report had been circulated and provided the Panel with further information regarding the revised business case.

In response to Members questions the Deputy Chief Executive and the Corporate Director of Finance and Resources clarified the following:

- the contract had a fixed price and the contractor would take the responsibility for any increase in costs. The contract allowed for Wates to make a claim for compensation if a proven cost could be shown, Pick Everard had been engaged as contract administrator and one of their roles was to independently review any claims for compensation and the value of that claim;
- contingency costs had been included in the business case and would not be used for any increase in the revised estimated final contract budget;
- expert external advice would be sought to determine the scale of the required works on the roof and to establish the best time to undertake the work;
- the business case had been updated to include the impact of Covid 19 on the project in comparison to the figures agreed by Council in 2019;
- the Council had an excellent working relationship with GLL and had developed an open book approach to support GLL financially if required. In addition GLL had submitted a request to the Department for Digital, Culture, Media and Sport (DCMS) for money to be provided to the industry

as well as applying for support from Sports England. Prior to the pandemic GLL had reported a surplus in their 2019 finances which showed that the demand for the services was there;

- GLL were part of the Project Team and were aware of the impact of Covid-19 on the project, the impact to any subsidy had been discussed with them;
- GLL had seen a predicted decrease in membership as a result of Covid-19, however, they reopened in the new temporary facility and had seen an increase in the use of facilities by members. GLL were actively promoting their facilities and held an open weekend to encourage new membership;
- a claim for additional support for expected costs due to Covid-19 had been submitted to the MHCLG.

RESOLVED –That the Panel had reviewed the project update contained within report CS.22/20 together with the updated capital costs, expenditure profile and funding proposals for delivering the Sands Centre redevelopment main contract and supported the Executive in moving forward with the redevelopment project.