

REPORT TO: EXECUTIVE FOR: 13 September 2004

REPORT FROM: DIRECTOR OF ECONOMIC REGENERATION AND TOURISM

Report Written By: Barbara Thompson

PORTSMOUTH SPINNAKER TOWER

1. PURPOSE

The purpose of this report is to update Members on all aspects of the Spinnaker Tower project.

2. RECOMMENDATIONS

The Executive is asked to note the report.

3. BACKGROUND

The Executive received an update report at the Executive meeting of 27th July. This report updates members on progress since July.

4. CURRENT STATUS OF PROJECT

(i) Programme

As reported in July, Mowlem has revised the construction programme taking into account the limitations of the former programme. The revised programme is more robust than any of the previous programmes but is now showing the completion date as delayed until 25th May.

The Leader wrote to Mowlem's Managing Director on 27th August expressing the Council's anger and frustration at Mowlem's poor performance particularly concerning programme and cost control.

(ii) Costs

As reported by the Director of Finance and Resources at the July meeting the overall cost of the Tower was estimated to be £33.45m which was an increase of some £3.8m over the approved budget. This followed two very significant increases in costs since April 2004, both of which have been previously reported to Members. After deducting additional contributions from Berkeley and Heritage Projects Ltd, this left a shortfall of some £800,000 that would need to be funded from corporate capital fund. Members were also advised that the costs were based on a handover date of 24 December 2004

and any slippage beyond that date would inevitably result in further additional costs.

Following the receipt of the revised programme, Mowlem is now working on a revised outturn cost projection which will be reported to Members as soon as it has been verified by the City Council's external Project Manager and our external Cost Consultants.

(iii) Concrete Works

An interim report on survey, testing and remedial works to the re-enforced concrete shafts to ensure compliance with the Employers Requirements has been approved and signed off by Mowlem, Mott MacDonald and the Concrete Society and issued to all members. The final concrete report is expected later in the year following completion of the ongoing testing regime indicated in the report.

(iv) Construction

Since July 27th, the steelwork construction has been completed, view decks 1 and 2 are concreted and the basement building roof is 50% complete.

(v) Legal Agreements

The current status of the legal agreements is as follows:-

(a) Operational Interface Agreement

A very productive meeting was held with Land Securities and Gunwharf Quays Ltd on Friday 16 July. Officers have commented on a revised draft and comments are currently with solicitors for both sides. It is expected that the agreement could be signed very shortly. The implications of PCC entering into this agreement will be explained to all Members by Wragge & Co, the City Council's external lawyers.

(b) Agreement to Lease and Lease

Revised versions of both documents have been received by Wragge and Co. At a meeting on 1st September officers commented on the further draft and these have now been returned to Heritage's Lawyers and a response is awaited. As with the operational agreement, Wragge & Co will explain the implications of entering into these agreements to all Members of the City Council.

(c) Intellectual Property Rights

DFR and DERT met with the Directors of Towers Too Ltd on 2nd August. Towers Too outlined their terms and it was proposed that the Directors put their terms directly to Members for comment. Efforts are being made to arrange this meeting as soon as possible.

(vi) Project Management

Members and officers will be meeting Mowlem's Directors on 24th September. The key agenda items will be programme, cost and project management.

At the July meeting the Executive approved the proposals to strengthen the City Council's Project Management Team, through the appointment of a full time Deputy Project Manager to concentrate of project controls and a part-time Planning Advisor.

A planning advisor has been provided by Mott MacDonald. This person will work on a part time basis (5 to 10 days a month) reviewing and monitoring the development of the Contractors programme from now to the end of the project.

The post of Deputy Project Manager has been advertised externally and the candidates assessed with a view to an appointment being confirmed within the next few days.

Signed:

Director of Economic Regeneration and Tourism

Background List of Documents:

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The recommendations set out above were approved / approved as amended/ deferred / rejected by the Leader of the Council, Cllr Gerald Vernon Jackson

Signed: