

**23<sup>rd</sup> July 2024**

**Key Decision? NO**

**REPORT NO. REG2404**

**UNION YARD – MOBILISATION OF ASSET AND REVISED COMPLETION  
SCHEDULE**

**SUMMARY AND RECOMMENDATIONS:**

This report provides Cabinet with an update on the mobilisation of Union Yard as the scheme progresses towards practical completion and handover. It also sets out revisions to the delivery programme.

Recommendations:

1. Note the agreements/contracts entered into by the Council in respect of mobilising the asset ahead of practical completion;
2. Note the revised completion schedule for the Union Yard scheme and any comments arising from the Union Yard Project Board;
3. Note that contractual matters relating to the revised completion schedule will be considered under a separate report.

**1. INTRODUCTION**

- 1.1. This report provides Cabinet with an update on the mobilisation of Union Yard as the scheme progresses towards practical completion and handover.
- 1.2. It also sets out revisions to the delivery programme. Implications arising are considered under a separate report.

**2. BACKGROUND**

- 2.1. The regeneration of Union Street, Aldershot known as Union Yard is a high priority Council regeneration scheme that will see the comprehensive redevelopment of a key area of Aldershot town centre and will create a new, revitalised and vibrant space.
- 2.2. It will provide flexible retail, new homes and public space in the heart of the town centre, as well as accommodation for students. Among the features will be a makers' yard, with new public square and creative space for small and independent businesses.

- 2.3. The Council's Development Management Committee gave planning permission in June 2020 to the Rushmoor Development Partnership for the demolition of the existing buildings and the construction of 100 new homes, 128 student units and flexible retail/commercial/business/community space, together with improved public space and car and cycle parking.
- 2.4. In July 2021, Cabinet formally agreed to proceed with the redevelopment and recommended that the budget be put in place to allow the scheme to press ahead. A full meeting of the Council subsequently approved the Cabinet's recommendations.
- 2.5. Demolition of the site started in February 2021 and was completed in November 2021.
- 2.6. The site was handed over to the contractor, Hill Partnerships Limited, in November 2021 to commence the implementation of the consented scheme. The contract programme at the outset identified the 13<sup>th</sup> June 2024 for practical completion and handover.
- 2.7. Hill Partnerships submitted an Extension of Time claim in March 2022 on the basis that the construction programme required resequencing due to a scheme of urgent works to address an unstable party wall outside of, and immediately adjacent to, the defined site. The Council granted an Extension of Time to the 22<sup>nd</sup> July 2024 alongside a loss and expense claim agreed as a commercial settlement.

### **3. DETAILS OF THE PROPOSAL**

#### **Asset Mobilisation**

- 3.1. As the scheme progresses towards practical completion and handover, Officers have been entering into agreements and procuring a number of essential contracts to ensure a clean handover of the asset to end users. A Record of Executive Decision (ROED) was taken by the Executive Head of Property and Growth and Head of Regeneration and Development in consultation with the Regeneration and Property Portfolio Holder on the 24<sup>th</sup> June. That decision related to the following agreements and contracts:

#### Nominations Agreement

- 3.2. A nominations agreement in respect of the student accommodation has been entered into with the University for the Creative Arts (UCA) in Farnham. The nominations agreement sets out that UCA will underwrite the occupancy risk on the student accommodation for a period of 10 years with the option to break at 5 years. This ensures that the Council will receive an income stream against all 128 bed spaces.

#### Appointment of Student Accommodation Operator (CRM Students)

- 3.3. The procurement process to select a specialist operator to manage the student accommodation is now complete. This was an open tender process in line with contract procedure rules and the Council concluded the standstill period on the tender process on the 2<sup>nd</sup> July. CRM has commenced mobilisation of the asset to be ready for the September cohort of students to arrive. A notional budget has been provided by the operator as part of the tender process. This will now be formalised through procurement of the respective budget lines e.g. staff costs, proactive maintenance in order to inform the Council's operating budget requirements.

#### Appointment of Energy Metering and Billing Services (Switch2)

- 3.4. The Cabinet may be aware that the Council has already appointed Eddisons to undertake the facilities management function for the Union Yard estate once it is handed over by Hill but some contracts to enable the effective running of the scheme, including energy management and billing will be made directly with the Council.
- 3.5. The most immediate of these contracts relates to energy metering, billing and servicing to allow the provider to become familiar with the system and to mobilise ahead of the scheme being occupied. To be able to appoint the same company to undertake all services is beneficial as it provides greater cohesion between the cost outputs from the efficiency of the Combined Heat and Power (CHP)/District Heating Network (DHN) system and the performance of the system from a maintenance/servicing point of view.
- 3.6. Enquiries were made in the sector with consultants as to which Service Providers work with similar organisations such as Local Authorities and Registered Providers. The research suggested that there was a Procurement Framework specifically for this type of service provision and aimed at the Public Sector, namely ProcurePublic. On making contact, Officers were informed that over 90% of all contracts are let to a company called Switch2 who are leaders in the sector. ProcurePublic advised that Switch2 can be appointed via a direct appointment via the framework and considering the tight timescales to appoint a company ahead of completion of the new build to allow efficient commissioning of the CHP, it was recommended to appoint Switch2 subject to confirming value for money. Value for money has been established with the SWITCH2 cost submission being evaluated favourably, aligning with the framework specifications and budget constraints.

#### **Revised Delivery Programme**

- 3.7. As set out in section 2 of the report, the agreed programme for delivery of the Union Yard scheme anticipates handover on the 22<sup>nd</sup> July 2024. On the 10<sup>th</sup> June, Hill Partnerships wrote to the Council's Employers Agent, Bailey Garner, to inform them of an anticipated revised schedule of completion as set out below:
- Block S (Student Accommodation) and Section 278 highways works to High Street – **2<sup>nd</sup> August 2024**

- Remainder of the scheme – **16<sup>th</sup> October 2024**

- 3.8. The above sequencing of handover reflects the Council's desire to get the student accommodation ready for the September 2024 intake of students and allowing sufficient time to allow for the mobilisation of the asset. As such, the Council has requested that this aspect of the scheme be the priority.
- 3.9. The delay to handover gives rise to contractual considerations that are set out under a separate report.
- 3.10. The Project Team recognises that Hill are proactively working to ensure handover of Block S in a timely manner to allow for the mobilisation of the asset in readiness for the first cohort of students moving in from mid-September. There will be financial impacts to absorb due to the delayed handover in respect of overhead costs that are considered under a separate report.
- 3.11. The Council has reached an agreement with Hill to allow for third party contractors to have early access the commercial units within the scheme to undertake further fit-out works as and when required whereas previously there would have been no access prior to snagging and handover of the asset. This will allow the Council to make progress on its commercial occupancy commitments.

### **Alternative Options**

- 3.12. In respect of the mobilisation of the asset, there are no other realistic options to explore with regard the agreements/contracts that have been documented above.
- 3.13. Recommendations arising due to the delay on the delivery programme are considered under a separate report.

### **Consultation**

- 3.14. The Union Yard Project Board has been updated on the appointments being made and have been consulted in respect of the changes to the delivery programme at a meeting on 15 July. Any comments arising from the Union Yard Project Board will be reported at the Cabinet meeting by the Portfolio Holder and/or officers.

## **4. IMPLICATIONS**

### **Risks**

- 4.1. As with all large-scale capital projects, there are a number of risks associated with the delivery of the project and these are reported to and overseen by the

Union Yard Project Board and officer Capital Programme Board. Additional risks arising from the delayed handover are considered under a separate report (REG2405).

### **Legal Implications**

- 4.2. There are no immediate legal implications arising from the matters outlined within this report other than the entering into the contracts described above. The Legal and contractual options in relation to the changes to the project timescale are considered in a separate report (REG2405).

### **Financial Implications**

- 4.3. Budgets are in place to support the contracts identified in this report. The contracts are essential to enable the mobilisation of the scheme and enable income from the scheme. Other financial implications of the changes to the project timescale are considered in a separate report (REG2405) alongside the legal and contractual options open to the Council. In addition, the implications of higher than forecast interest rates and capitalisation of interest costs in 2023/24 and 2024/25 on the overall project budget are being reviewed following the completion of the July MTFS and will be reported to Cabinet and Council in due course and after consideration by the Project Board.

### **Resource Implications**

- 4.4. The Council has external resource committed to the delivery of the Union Yard development. The extension to timescales associated with delivery will require the relevant contracts to be extended to practical completion. There is no risk arising in respect of capacity or availability to assist with the delivery of the project.

### **Equalities Impact Implications**

- 4.5. Consideration has been given to equalities impacts. There do not appear to be any equalities implications arising in respect of the decisions being taken by Cabinet with regard this report.

### **Other**

- 4.6. Public Communication – it will be important to set expectations and share the new timescales and phased opening of the scheme with local residents and businesses as this is now different from that reported in the most recent edition of Arena.

## **5 CONCLUSIONS**

- 5.1 This report provides Cabinet with an update on the mobilisation of Union Yard as the scheme progresses towards practical completion and handover.

- 5.2 It also sets out revisions to the delivery programme. Matters arising as a result of the delay are considered under a separate report.
- 5.3 The Union Yard Project Board will be updated on the above matters and any comments will be reported to Cabinet at the meeting.

**LIST OF APPENDICES/ANNEXES:**

N/A

**BACKGROUND DOCUMENTS:**

N/A

**CONTACT DETAILS:**

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