

Item No.	Classification: Open	Date: 29 June 2012	Meeting Name: Regeneration and Leisure Scrutiny Sub-Committee
Report title:		Update and Financial Report on Canada Water Library	
Ward(s) or groups affected:		Surrey Docks and Rotherhithe	
From:		Strategic Director of Environment and Housing/Strategic Director Regeneration and Neighbourhoods	

BACKGROUND INFORMATION

Context

1. The Canada Water regeneration programme and the new library project within it responds directly and positively to the Council's corporate plan and the supporting objectives of the Regeneration and Neighbourhoods business plan 2010-2013. In particular, the new library contributes to:
 - the delivery of high quality physical regeneration and public realm at Canada Water
 - the enhancement of people's skills by providing ready access to resources and learning opportunities
 - the attractiveness of Canada Water as a place for high quality residential development, including the increased supply of new affordable homes
 - improved customer-focussed services and customer satisfaction
 - the Council-wide modernisation programme in respect of libraries
 - sustainable solutions in respect of energy use and travel
 - adding value to the wider regeneration of Canada Water and, thereby, generating resources for further investment.
2. Consultation with local people following the hand over of London Docklands Development Corporation (LDDC) land to the Council culminated in a masterplan for the area, which identified a new library as one of the key requirements of local people.
3. The masterplan includes Canada Water Library as a landmark building positioned at the head of the basin, adjacent to Canada Water underground and bus stations. The new building, together with the plaza currently under construction by the Council's strategic development partner, BLCQ Ltd, provides the centrepiece of the new town centre development at Canada Water. The library and plaza will be enclosed on two sides by a new, high-density development by Barratt Homes, comprising shops and approximately 1000 new homes on land sold by the Council.
4. Planning policy for regeneration areas, including housing density, is based on mixed use. Accordingly, the library is a vital contributor to the diverse range of facilities and amenities necessary to create a sustainable high density town centre development. The Library, thus, not only serves as an excellent new amenity for local people but is also a value-driver for the wider regeneration,

which aims to provide 2,500 new dwellings, an additional 35,000 m2 shopping area, 12,000 m2 of new business space and an improved public realm.

KEY ISSUES FOR CONSIDERATION

The new library facility

5. Extensive consultation on the services local people would like to see at the new library identified the following key priorities:

- More books
- More access to ICT
- Longer opening hours
- Improved physical access
- Café facility
- Study space
- Meeting space
- Opportunities to view and participate in cultural activity
- Programme of events and activities for children and young people
- Adult and family learning activity

6. The new library, which seeks to provide services and facilities to support the development of the new community as well as enhancing provision to current residents, includes the following accommodation:

Ground floor:

- main reception
- “quick service” with access to self-service points
- 500 most popular paperbacks and audio-visual items
- ICT/Internet access
- cafe
- community exhibition and performance space, with seating for 150 people
- integrated access to Canada Water underground station

Mezzanine (not accessible to the public):

- staff work area and welfare facilities
- storage
- ICT hub

First floor – the Library:

- open plan library “zones” for children, young people and adults
- work stations with ICT/Internet access
- local reception desk
- self-service points

Gallery:

- spaces for teaching and learning
- meeting rooms
- work stations with ICT/Internet access
- library stock, including local history and heritage items

Other features:

- iconic architecture (as a value-driver)

- disabled access with lifts to all floors
 - accessible toilets, public toilets and baby change facilities at all public levels
 - family friendly layout
 - “green” features, including “very good” BREEAM rating
 - incorporation of London Underground station entrance
 - Integration with the Plaza, including free Wi-Fi link to library
7. The dramatic form of the library, with its outward sloping walls reaching over the basin, serves to maximise floor space within the building, whilst keeping its footprint to a minimum. Its location and size of footprint within the plaza has been determined, principally, by the location of the existing London Underground tube entrance, the proximity to the station box below ground and the dock-side itself. The design of the building seeks to make efficient use of the plaza by incorporating the station entrance within its footprint and, thereby, reduce the number of separate buildings in the area. The library has two key frontages, one facing the plaza and the other facing the water, each with a main entrance. Whilst the site constraints present significant challenges to the project, they also offer significant opportunities by placing the library in the busiest location, in making the best use of space and, ultimately, by creating a vibrant and interesting place. Locating the library exactly in this location enhanced the commercial value of the Council land holdings by optimising the opportunity for higher density town centre development.
8. General arrangement drawings, including floor plans and computer generated images, are included at **Appendix 1** for reference purposes.

Old Rotherhithe library

9. By contrast, the current Rotherhithe Library in Albion Street is poorly located, away from the main focus of retail and leisure activity in the area. It is housed in the former Rotherhithe Civic Centre, a poorly designed 1970's building, with limited stock and opening hours.
10. The building is also home to the Community Library Service, acting as the base for the Housebound and Mobile Library services.
11. The Executive of 20th March 2007 agreed that the building would be closed and disposed of when the new library opens, although Members could pursue an option to close the library earlier and make a small saving in the lead up to the new library.
12. An alternative base for the Community Library Service has already been identified and plans have been drawn up to relocate this borough wide service to the old Science and Technology Centre in Wilson Road, Camberwell.
13. The upper floor of the library is currently occupied by a voluntary sector organisation – BEC. BEC provides adult learning opportunities, primarily literacy, numeracy and other skills for life courses. BEC are aware that the building will close when the new library opens and officers in property are working with them to identify an alternative location. BEC have also been asked to consider being a provider in the learning facility at the new library.

New library capital project

14. The library construction contract was awarded to ISG Jackson Ltd on 31st March 2009 in the sum of £13,732,732, based on an 88 week contract period. Capital funding for the library construction project had been approved by Executive in the sums of £8.5m and £5.6m at the meetings on 13th February 2007 and 21st October 2008, respectively, making £14.1m in all, of which £13.7m is for the library works contract and £0.4m to cover costs to date at the end of financial year 2007/8.
15. The main contract works commenced on site on 29th June 2009, with a date for completion of 7th March 2011.
16. The contract sum of £13,732,732 includes an allowance for £1m savings from value engineering (VE). This target was introduced at tender stage to offset, in part, the significant gap between the lowest acceptable tender and the consultant quantity surveyor's estimated construction cost of £8.5m contained in the pre-tender cost plan.
17. At contract week number fifty-one, the main contractor is reporting a current delay to the contract programme of approximately fourteen weeks. The cause of delay has been unforeseen complications associated with underpinning works to the London Underground station entrance, which as previously stated, will form an integral part of the library structure. An extension of time for completion of the works ten weeks two days has been provisionally awarded to the main contractor by the consultant architect under the terms and conditions of contract.
18. Since completion of the library substructure in February 2010, progress has been good and every effort is being made to contain and, if possible, mitigate the effect of the delay.
19. The current forecast outturn cost for the construction project, adjusted for contract variations and an estimated allowance for the main contractor's claim based on fourteen weeks of prolongation costs, is £14,261,811. This represents a variance of £529,079 from the contract sum and assumes that the £1m VE target is fully realised.
20. The current forecast outturn cost of £14,261,811 excludes ICT cabling works, the library cafe servery fit-out and certain works associated with the plaza, all of which are included in the library works contract for practical reasons but are offset, respectively, by separate funding streams.
21. A chart showing the best current assessment of the financial position with respect to the works contract is included at **Appendix 2**.
22. The project team has secured over half of the £1m VE savings to date and continue to target their full achievement. In addition, officers are examining the feasibility of making further savings in consultation with the project team needed to compensate in part or fully the gap between the forecast outturn cost and the contract sum.
23. Expenditure to date (based on monthly valuation 13A) is £2,886,175. The forecast expenditure and cash flow forecast is given at **Appendix 3**.

24. Ancillary costs relating to professional fees, surveys, London Underground, etc. are separately accounted.
25. The experienced officer client team is overseeing a number of mechanisms in place for monitoring and controlling the financial and programme performance of the contract, including:
- monthly financial statements by the consultant quantity surveyor
 - monthly appraisals of the main contractor's progress against the contract programme
 - monthly progress reports by:
 - the architect
 - main contractor
 - other design consultants
 - monthly progress meetings on site
 - daily tracking and chasing action on critical issues
 - monthly 'look ahead' meetings with principals
 - periodic project team 'look ahead' workshops covering key phases of work
 - risk and issues logs
26. Project risks:
- Increased/additional costs arising from contract variations/late instructions
 - Failure to fully achieve £1m VE target set at tender stage
 - Culpable delay to site operations by main contractor
 - Delay by statutory undertakers in the provision of mains services (i.e. EDF, Transco and Thames Water)
 - Delay due to component failure (design, manufacture, installation)
 - Supply chain insolvencies
 - Discovery of errors and/or omissions in tendered contract documents
 - Delay due to adverse impact of works on London Underground Ltd's operations.
27. All project risks are being pro-actively managed and controlled by Council officers in conjunction with project team members to ensure effective mitigation measures are in place.

Library revenue approach

28. The total net revenue budget for the new library is £1.15 million per annum. (see details at **Appendix 4**). This compares to £980,000 per annum for Peckham Library which is a smaller building with fewer facilities. The additional services and facilities at Canada Water, including a strong focus on space for young people, negates the need for additional community buildings in the new development.
29. The largest part of the annual revenue expenditure, as with all libraries, is to cover staffing costs. The staffing costs are calculated to enable 7 days per week opening to maximise the benefit of the investment in the building, to fully exploit income opportunities, and also take into account the use of self-service technology.

30. The revenue budget also includes sums to ensure that the building is appropriately looked after and maintained, with provision for cleaning and maintenance contracts being factored in. Experience and learning from Peckham Library is reflected in this approach as no maintenance contracts were established for that building before it opened, causing on-going revenue problems there for several years.
31. Provision is made for robust income streams from the hire of spaces within the building, a rental from the café and a substantial amount from fees and charges including from the hire of audio-visual items, fines and other library sources. It is anticipated that the exhibition and performance space together with the smaller rooms on the upper floor will generate income from major hires as well as adding value to the service offer at the library. Smaller, but important revenue streams are also anticipated from merchandising – again, this represents learning from the experience of Peckham Library which had no such strategy in place.
32. During the current financial year in the lead up to opening, it will be necessary to incur some revenue spending. (Please see **Appendix 5**) This will include expenditure for start up stock, communications, and recruitment of staff and procurement of the café provider. It is necessary to expend these sums in the current financial year to ensure that the library is fully tested before opening, that suppliers are able to provide stock in good time, in the right quantity and of appropriate nature before opening and that staff are trained and briefed in new ways of working to deliver this new service.

ICT provision

33. The library will feature the most up to date technology both to deliver the service and for public use. Self-service technology will allow staff to support less confident customers, deliver more support activities and offer seven days per week opening. Wi-Fi will mean that customers can also use their own laptops in the building (and the plaza) freeing the library's equipment for those who need it.
34. This provision is to feature in the libraries modernisation programme and will be funded accordingly.

APPENDICES

No	Title
1	General Arrangement Drawings / Computer Generated Images
2	Current Assessment of Financial Position
3	Expenditure and Cash Flow Forecast
4	Revenue Budget
5	Revenue Spending

Lead Officer	Gill Davies/Richard Rawes	
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
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Chief Finance Officer	na	na
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