

# PMO Project Closure Report

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1. Project title	<b>Epping Forest Shopping Park</b>	5. Reference	P113
2. Managed By	<b>Derek Macnab, Acting Chief Executive; Chris Pasterfield, Asset Management Development Consultant</b>	6. Creation Date	30-Mar-2017
3. Sponsored By	<b>Derek Macnab, Acting Chief Executive</b>	7. Last Modified Date	23-Apr-2018
4. Corporate Plan link	<b>1.b.2016 To continue to review and develop the Council's own assets and landholdings for appropriate uses, in order to maximise revenue streams and capital receipts...</b>		
<b>8.</b>		<b>Baseline</b>	<b>Actual</b>
Start Dates		01-Jan-2006	01-Jan-2006
End Dates		31-Aug-2017	31-Dec-2017
Budget		£24,100,000.00	£25,900,000.00
<b>9. Timeline</b>			
31-Dec-2006	T11 site sold		
31-Dec-2010	Discussion and exploration of retail park idea    Approached Cabinet to investigate ideas Consultants approached    Consultants employed (value and cost)		
30-Jun-2016	Colliers International progressed marketing / leasing units reported to Asset Management and Economic Development Cabinet Committee		
30-Jun-2016	Main build tender process undertaken. Main build contract awarded to McLaughlin & Harvey		
21-Jul-2016	Award of main construction contract agreed by Cabinet 21 July		
05-Sep-2016	Main contractor takes possession of site, week commencing 5 September		
30-Sep-2016	Works commenced in levelling site and demolition of existing buildings		
30-Sep-2016	Completion of demolition, hoarding of site and preparation of site for construction		
31-Oct-2016	The contract has now been signed by McLaughlin & Harvey who were previously working under a Letter of Intent A detailed programme has been issued with practical completion of main contract scheduled for 19 Jun 2017. Tenants detailed shop fitting works are being fed into the main contract where possible to ensure minimum disruption to the main contract and cost to the Council		
30-Nov-2016	Piling commenced on 22 Oct and will carry on through Nov and ordering and provision of services such as gas and electric is being progressed. Work is also starting on the rear service road retaining wall		
23-Dec-2016	Structural steel work to commence on 28 Nov and aim to be completed by 23 Dec		
31-Dec-2016	Base coat of tar to be applied to car park area. Drainage, ducting, kerbing to be ongoing		
28-Feb-2017	Internal walls to retail units installed. Service road under construction. Tenant fit-out requirements being incorporated		
31-Mar-2017	Progress is now being made with the concreting of the rear service road and fireproofing the steel frame		
23-Jun-2017	EFDC works for tenants such as Aldi, Next and TK Maxx are being finalised and fed into the main contract programme as quickly as possible		
12-Jul-2017	Soft Opening of Shopping Park		
31-Dec-2017	Highways contractor starts on site, week commencing 12 September		
31-Dec-2017	Opening of Shopping Park / closure of project		

10. Executive Summary	11. Recommendations
<p><b>What was the project?</b> To develop a shopping park to provide a revenue stream to the Council, create employment (approx. 220 jobs) and retain spending within the district</p> <p><b>What did you do?</b></p> <ul style="list-style-type: none"><li>• Bought out development partner to allow acquisition of the site</li><li>• Obtained planning permissions</li><li>• Tendered the main contract and section 278 works</li><li>• Constructed a shopping park</li><li>• Appointed lettings consultants and let units to tenants</li></ul> <p><b>Why was it established?</b> For maximisation of the benefit of the Council's assets in accordance with the Council's policy to invest capital to generate ongoing revenue returns</p>	<p>Formally close the project</p> <p>Note and agree additional completed actions entered in to BAU for the project</p>
12. Benefits	
<ul style="list-style-type: none"><li>• To develop a long term asset and establish an annual revenue return.</li><li>• Economic development (creation of 200 local jobs).</li></ul>	
13. Projects and/or programmes of work that are affected by this project	
<ul style="list-style-type: none"><li>• Relocation of existing users of the Council's depot at Langston Road</li><li>• Construction of Oakwood Hill depot (P118)</li><li>• Procurement of new waste and recycling contract (required bidders are to provide their own depot)</li><li>• Asset Management strategy</li></ul>	
14. What went well?	15. Areas to be improved?
<ul style="list-style-type: none"><li>• Main construction contract on time and in budget</li><li>• Good tenant line-up with strength of covenant</li><li>• Good rate of return regarding yield of rents</li><li>• No major disturbance of local highway network - reduction in congestion now that the scheme is completed</li><li>• Benefits set for the project have been met</li><li>• 8.4% return on investment per year (see section '17. Data' for more information)</li></ul>	<ul style="list-style-type: none"><li>• Earlier and better engagement by Essex County Council in the Highways procurement process - the arrangements in place led to a cost increase for associated roadworks</li><li>• Original timeline had a full opening of the Shopping Park scheduled for Easter/Summer 2017; this was changed to a 'soft opening' (majority of units open with some units not yet leased) representing a 4 month delay to the end of this project</li></ul>
16. Findings	
<ul style="list-style-type: none"><li>• If partnering with other developers, the Council should be clear about their desired outcomes before committing finances to develop a Special Purpose Vehicle (e.g. the wants of this project did not match up between EFDC and the initial partner)</li></ul>	
17. Data	
<ul style="list-style-type: none"><li>• Capital Programme monitoring reports</li><li>• Construction costs came in on budget (£10.4 million), Purchase development partners interest costs came in on budget (£11.4 million)</li><li>• Section 278 works over budget (£4.1 million, original budget was £2.3 million)</li><li>• Professional consultant design fees - contained within budget</li></ul>	

- External supplier list contained in appendix 1
- Issues Log to recommend items to enter in to BAU contained in appendix 2
- Estimated revenue return = £2.7 million per year (in line with the original development proposal). Total investment was approx. £32 million resulting in 8.4% return on investment per year
- Asset valued at £42 million
- Impact of 3 outstanding units to be let is a difference of £2.5 million from £2.7 million for 2018/19. The £2.7 million income will be achieved as of 2019/20 (the remaining 3 units are to be leased by end of September 2018 with a 6 month rent free period).

#### **18. Project Members**

EFDC01 - All internal staff; Teresa Brown, Principal Accountant P/T (RAC04); Qasim Durrani, Assistant Director - Technical (NTS01); Philip Hawkins, General Manager (NGM01); Derek Macnab, Acting Chief Executive; Alison Mitchell, Assistant Director - Legal Services (GLG01); Chris Pasterfield, Asset Management Development Consultant; Ruth Rose, Senior Lawyer (GLG02); Fareeza Sheikh, Senior Legal Officer (GLG05)

#### **19. Workstream**

WS4 Workstream 4 - Major Projects