

METROPOLITAN BOROUGH OF WIRRAL

VIRTUAL COMMITTEE (WIRRAL INTRANET INFORMATION ITEMS) August 2007

REPORT OF THE DIRECTOR OF TECHNICAL SERVICES

BUILDING, HIGHWAY & ENGINEERING CONTRACT COST VARIATIONS REPORT

EXECUTIVE SUMMARY

There is a requirement under the Contract Procedure Rules to report to Members cost variations on any Council contracts above a specified cost threshold. This report provides details of potential or actual cost variations on current capital building, highway and engineering contracts undertaken by the Department of Technical Services.

1.0 Background

- 1.1 At its meeting on 19th June 2006, the Executive Board recommended approval of the revised Council's Constitution - Contract Procedure Rules (CPR's). The revised Constitution was subsequently approved by Council at its meeting on 26th June 2006
- 1.2 Under the revised Constitution, Contract Procedure Rule 16.1 states that: *"The responsible Chief Officer shall record every Variation Order or extra works order immediately it is raised. If the issue of Variation Order(s) would at the date of the order cause the final contract price to exceed the original contract sum by more than £50,000 or 10%, whichever is the lower, the Chief Officer must immediately inform the Director of Finance. The issue of the variation must subsequently be reported to Cabinet, Executive Board or regulatory committee as appropriate for noting within the following three months. This rule applies to all contracts as defined in Contract Procedure Rule 4.1, including those based on an 'Agreed Maximum Price'. The report must adequately explain the reasons for the variation."*
- 1.3 In general, project progress updates, contract sum and anticipated final account costs are included within the periodic Building Contract Progress reports posted on the Virtual Committee. This report to Members, under the revised CPR 16.1, highlights actual or potential cost variations on building, highway and engineering contracts which cause the final contract price to exceed the agreed contract sum by more than £50,000 or 10%, whichever is the lower, and provides reasons/comment for the increases and details the additional funding approved to cover these costs.
- 1.4 The principle of regularly reporting to Members cost variations above the CPR threshold is now well established, and this is the fourth summary report of this kind. Members will receive future quarterly reports to update actual and potential cost variations on all Council works, supplies or services contracts valued at more than £50,000 which exceed the specified cost threshold, from this and other Departments. This helps demonstrate effective governance and clear reporting lines to Members.

- 1.5 The cost variations are presented in table format attached in the Appendix to this report and were compiled as at 19th July 2007. (The costs presented are accepted tenders; contract sums; or anticipated final accounts as applicable and do not include Departmental Charges or Disturbance allowances etc).
- 1.6 Officers within Technical Services, Client and Finance Departments will continue to work with contractors to reduce potential cost variations and anticipated Final Accounts in all cases, progress will be reported in future quarterly reports.

2.0 Financial and Staffing Implications

- 2.1 This report includes Contracts within the Council's approved Capital Programme, which are under the direction of the Council's Select Committees or alternatively directed by the Cabinet.
- 2.2 Professional services and the Planning Supervisor role are generally provided by Technical Services staff or approved Consultants. Involvement of Consultants is reported under individual project reports, e.g. Scheme and Estimate or Tender Reports, and Building Progress Reports posted on Virtual Committees.
- 2.3 All the schemes identified within this report have highlighted variations in the projected costs. The Capital Programme projections include the variations as reported and can be met from the identified resources.

3.0 Human Rights and Equal Opportunities Implications

There are no implications in this report for Human Rights and equal opportunities, including women, ethnic minorities, the elderly or people with a disability.

4.0 Access to Information Act

Project Monitoring Sheets in relation to the contracts indicated.

5.0 Local Member Implications

There are no Local Member implications arising from this report.

6.0 Local Agenda 21 and Community Safety Implications

This report has no Local Agenda 21 or Community Safety implications.

7.0 Planning Implications

There are no planning implications specific to this report. Individual schemes are submitted for all necessary statutory approvals prior to commencement on site.

8.0 Recommendations

That the report be noted.

David Green
Director of Technical Services

CAPITAL BUILDING CONTRACTS							
Reference (Fin Code)	Project Title Contractor	Contract Sum/AMP	Anticipated F/A Outturn Cost	% / £ Cost Variation	Progress and Project Update	Reasons for Cost Variation and actions taken	Further actions req'd to reduce Cost Variation
C17304	Higher Bebington Junior School M.J. Quinn Intergrated Services	£277,134.66 * additional £56,697.62 funding required	£333,832.28	20.46% £56,697.62	Practical Completion achieved on 3 rd March 2006	Installation of new fire alarm, additional windows, new water main and alterations to drainage contributed to this contract overspend. * Funding will be met from the schools Devolved Formula Capital and main Capital programme for Playing Field Improvements.	Final Account agreed awaiting audit.
C17896	Vyner Primary School J & S Seddon (Building)Ltd.	£499,679.00 * additional £125,745.00 funding required	£625,424.00	25.18 % £125,745.00	Practical Completion due August 2007	New Replacement Boiler, fitting out specialist rooms and further external works have been added to this contract. * Funding will be met from the schools Devolved Formula Capital and main Capital programme for Playing Field Improvements.	

HIGHWAY and ENGINEERING PROJECTS							
Reference (Fin Code)	Project Title Contractor	Contract Sum/AMP	Anticipated F/A Outturn Cost	% / £ Cost Variation	Progress and Project Update	Reasons for Cost Variation and actions taken	Further actions req'd to reduce Cost Variation
	Leasowe Road / Gardenside Junction Improvement A Parry Construction	£ 320,205 (Tender Total)	£ 383,176.34 (Final account)	19.7% £ 62,971.34	Substantial Completion 2/10/06.	Increased scope of work including amendments to surface water drainage system due to unforeseen circumstances, post-tender change of surfacing material specification (Departmental policy change), additional resurfacing works for maintenance reasons (outside original extents of site) and protection to unforeseen Statutory Undertakers' plant. Additional Expenditure contained within Highways Capital LTP budget 2006/7 approved by Director of Technical Services. Previously reported to the October 2006 Virtual Committee, this report gives an update on the negotiations for the final account.	Final Account agreed awaiting audit.