

WIRRAL COUNCIL

CABINET

13 JUNE 2013

SUBJECT:	<i>PENSBY/STANLEY SCHOOLS CO-LOCATION PROJECT – FINANCIAL POSITION</i>
WARD/S AFFECTED:	<i>PENSBY AND THINGWALL</i>
REPORT OF:	<i>JULIA HASSALL DIRECTOR OF CHILDREN'S SERVICES</i>
RESPONSIBLE PORTFOLIO HOLDER:	<i>CLLR TONY SMITH</i>
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Members pursuant to Contract Procedure Rule 16.1.2 that the contract awarded for the construction of the new schools for Pensby Primary and Stanley Special School has been increased by £1,037,960. The additional costs relate to £716,264 for construction costs and an additional £321,696 for costs associated with demolition, specialist equipment and hire of temporary accommodation.

2.0 BACKGROUND AND KEY ISSUES

2.1 On 3 February 2011 Cabinet (minute 312 refers) accepted the most advantageous tender by Wates Construction for the construction of the new joint Pensby Primary School and Stanley School building, to be co-located on the existing Pensby Primary School site. The scheme would be built in two phases – Phase 1 consisting of Pensby Primary School and part of the central hub containing the school hall, plant room, kitchen and staff facilities. This phase was opened for staff and pupils in May 2012. Phase 2 consists of Stanley Special School and the remaining hub which houses the specialist swimming and hydrotherapy pools, sports hall and other specialist resource rooms. This phase is still on site with an expected completion date of July 2013. The special school will open to pupils in September 2013.

2.2 The contract for the construction works was awarded on 22nd June 2011 to Wates Construction. The form of contract used is the New Engineering Contract, NEC Option C, incorporating a negotiated target cost. This is a nationally recognised standard form of contract widely used on major building and other construction projects. Based on a partnering philosophy, this is the preferred contract for schemes procured through the North West Construction Hub (NWCH). The contract allowed the scheme to be progressed quicker than other options, which was necessary in order to meet tight DfE timescales for Capital spend.

2.3 It was acknowledged at the time of contract award (Cabinet 3 February 2011 refers) that detailed design of phase 2 i.e. the special school was still required and as such an estimated cost for these works was given. In June 2012 it became apparent that project costs were going to exceed the approved scheme, for the following reasons:

1. The construction costs for the special school exceeded the scheme estimate
2. There was a requirement for a new electrical sub-station for the site
3. Adverse weather

An initial financial risk of £300k was reported to Cabinet on 21st June 2012 which related to the provision of a sub-station to the school site. Following this report, a submission by Wates indicated that in addition the detailed design stages were also producing an indicative increase to the scheme of £1.7m. A rigorous value engineering exercise was introduced which resulted in savings of £1.1m from changes to the specification of materials, a reduction in floor space of the school and simplified swimming and hydrotherapy design. Whilst both the basic footprint of the school and detailed internal designs of Stanley School were modified in order to bring the scheme within an affordable cost, the new building will still result in an excellent teaching and learning environment supporting pupils with complex and challenging needs.

- 2.4 Design changes were discussed and agreed with the headteacher and Governors of the school. At the time of writing this report, the anticipated final amount due to Wates Construction under the contract stands at £11,832,724 which is an increase of £716,264 or 6.4% above the original target cost of £11,116,460 for construction costs. These figures are subject to final account.

3.0 RELEVANT RISKS

- 3.1 Poor weather and any unforeseen construction changes do remain a risk to the completion of the construction phase. The current Stanley school site will not be decommissioned until the new building is ready for occupation.
- 3.2 As in all contracts additional risks or costs could be raised by Wates Construction. Weekly risk management meetings are being held to monitor and mitigate against the effects of any further potential increases to the project costs.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The technical variations and scope changes agreed by the Project Manager were necessary for the successful delivery of the contract. The particular technical options chosen were deemed to represent best value for the council following a risk-based and cost-based review of various alternatives.

5.0 CONSULTATION

- 5.1 Consultation was undertaken between the design team and the school to ensure that changes to the scope of works would not affect the quality of educational provision.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are no implications for voluntary, community and faith organisations in the subject matter of this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 The resources for this scheme were identified from two main Capital streams: the national Primary Capital Programme and the national (targeted Capital allocation for Special Educational Needs (both of these initiatives have now ended). Balances

remaining in these two budgets plus contributions from the two schools' delegated budgets, Council Capital and uncommitted CYP Capital Grant will enable the additional resource requirements of £1.1m for the scheme to be met.

Target Costs at February 2011	£11,116,460 Construction, IT & furniture £ 1,383,540 Fees Total: £12,500,000
Resources at February 2011	£ 6,000,000 Primary Capital Programme £ 6,500,000 Targeted Capital (SEN) Total: £12,500,000
Costs at June 2013	Phase 1 Construction (actual) £5,214,724 Phase 2 Construction (target) £6,618,000 £ 1,705,236 demolition, hire charges, fees, Total: £13,537,960
Resources at June 2013	£ 6,209,374 Primary Capital Programme £ 7,015,577 Targeted Capital (SEN) £ 108,009 CYP Capital Grant £ 120,000 Council Capital £ 85,000 School Contributions Total: £13,537,960

7.2 ICT provision is included in the costs reported above. There are no additional IT, staffing or asset implications.

8.0 LEGAL IMPLICATIONS

8.1 There are no legal implications.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

~~(a) Yes and impact review is attached.~~

(b) No because there is no relevance to equality.

~~(c) No because of another reason which is~~

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no carbon usage or other environmental implications related to the subject matter of this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 Planning consent is not relevant to the subject matter of this report.

11.2 There are no community safety implications relevant to this report.

12.0 RECOMMENDATION

12.1 That Members note the content of this report.

13.0 REASON FOR RECOMMENDATION

13.1 Contract Procedure Rules 16.0 refers.

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APPENDICES

None

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	23 September 2010
Cabinet	3 February 2011
Cabinet	21 June 2012