

WIRRAL COUNCIL

CABINET

10 OCTOBER 2013

SUBJECT:	WIRRAL COASTAL STRATEGY – VARIATION TO FEE CEILING
WARD/S AFFECTED:	ALL COASTAL WARDS
REPORT OF:	STRATEGIC DIRECTOR OF REGENERATION AND ENVIRONMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR BRIAN KENNY ENVIRONMENT AND SUSTAINABILITY
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 Contract Procedure Rule 16.2 requires technical variations to an existing contract to be reported for noting, if the value or cumulative value of variations exceeds 10% of the original contract sum.
- 1.2 This report sets out the uplift to the fee ceiling for the Wirral Coastal Strategy by £8,004, which cumulatively with earlier variations extends the original contract value by more than 10%
- 1.3 The Wirral Coastal Strategy is a non-statutory document which is fully grant aided by the Environment Agency (EA) The uplift falls within the contingency sum for the Wirral Coastal Strategy which has been approved by the EA.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Tenders for the production of the Wirral Coastal Strategy were received in March 2011 and the most economically advantageous tender of £89,314 submitted by AECOM was accepted under delegated authority by the Director of Technical Services on 7th April 2011.
- 2.2 Use of delegated authority was reported to the Sustainable Communities Overview and Scrutiny Committee on 7th June 2011.
- 2.3 The contract for the Wirral Coastal Strategy has been subject to three variations to date which have increased the original contract value from £89,314 to £122,592. The Director of Technical Services report to Cabinet on 2nd February 2012 (minute 292) reported these variations.
- 2.4 A request for an uplift to the fee ceiling was received from AECOM in June 2013 which reflected:
 - Increased Project Management costs as a result of the Council extending the programme length.
 - An additional requirement to provide an Executive Summary to the Strategy Plan and provide an additional level of detail of the financial implications and timescale of management actions.
 - Assistance provided in the submission of the Medium Term Plan to the EA.

- Attendance at EA requested meeting in May 2013 to discuss the approvals timetable and process leading to EA sign off.
- 2.5 The fee uplift requested in respect of work already undertaken is £4,749 and reflects additional work items which are necessary for successful delivery of this project. The increased project management costs have occurred as a consequence of factors outside the control of AECOM.
- 2.6 Furthermore the meeting with the EA in May 2013 identified an additional requirement for the consultant which is essential for the successful delivery of the project. The EA have indicated that attendance by the Consultant at their Large Project Review Group (LPRG) meeting is now necessary in order to offer client advice and deal with any technical queries directly. AECOM have provided an estimate for this additional work of £3,255 which includes for preparation and response to LPRG comments prior to the meeting and travelling expenses.
- 2.7 The EA LPRG meets in January 2014 to consider the Wirral Coastal Strategy. It is anticipated that issues arising from that meeting will be resolved soon thereafter with completion of the Coastal Strategy in this financial year.
- 2.8 The technical variations above have increased the contract value from £122,592 to £130,596.
- 2.9 The Wirral Coastal Strategy is subject to 100% grant-in-aid from the Environment Agency. Strategy Costs are approved to £208,000 with a contingency allowance of £48,000 included within that approval. Use of the contingency sum to cover the fee uplift is appropriate in this case and would ensure there is no net cost to Wirral.
- 2.10 The contract to AECOM was awarded using an NEC Option A Professional Services contract through which the consultant provides a fixed price activity schedule for completion of the project. The contract is not a term contract and is therefore eligible for extension.
- 2.11 By awarding the contract to AECOM based on the most economically advantageous (and lowest) tender assessed using a quality / cost model lodged with the Procurement Unit, the Council is able to demonstrate best value. The increase in costs for additional works and increased project management are applicable to the project as a whole and would have been borne by any of the tenderers that bid for the contract.

3.0 RELEVANT RISKS

- 3.1 Failure to approve the increase to the fee uplift would have led to increased risk of non- completion and non-approval of the Coast Strategy by the EA and expose the Council to the return of grant in aid claimed to date of £162,757.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 None.

5.0 CONSULTATION

- 5.1 No consultation is required regarding the fee uplift.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no specific implications arising directly from this report

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

7.1 The fee uplift increases the original contract sum of £89,314 and subsequently varied to £122,592 to £130,596. The preparation of the Strategy, and this Technical Variation, is fully funded by EA grant-in-aid to a value of £208,000, and as such there is no impact on the Capital Programme as a result of this Technical Variation.

8.0 LEGAL IMPLICATIONS

8.1 There are no specific implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

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

9.2 No, because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no specific implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no specific implications arising directly from this report.

12.0 RECOMMENDATION/S

12.1 That Cabinet note the Technical Variation to the contract in accordance with Contract Procedure Rule 16.2.

13.0 REASON/S FOR RECOMMENDATION/S

13.1 The Technical Variation is necessary for the successful delivery of the Wirral Coastal Strategy. The costs associated with the lengthening of the programme were outside the control of the consultant. Reporting of Technical Variations is a requirement of Contract Procedure Rule 16.2.

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REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Wirral Coastal Strategy and Acceptance of Environment Agency Grant (Minute 208)	4th November 2010
Sustainable Communities Overview And Scrutiny Committee – Decisions Taken Under Delegated Authority	7TH June 2011
Cabinet – Wirral Coastal Strategy Additional Works (Minute 292)	2nd February 2012