

14 October 2019

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES

LATEST ESTIMATED COST REPORT FOR THE NEW ORCHARD SCHOOL AND NEWARK DAY SERVICE.

Purpose of the Report

1. To inform the Committee of the Latest Estimated Cost (LEC) for the works to provide the new Orchard School, Newark Day Service and associated works on the refurbishment of Woods Court and demolition of Orchard School Town Site.
2. To request a variation to the capital programme to reflect the increased cost of the projects.

Information

3. This briefing paper gives an update on the financial and programme position on the replacement of Newark Orchard School and Day Service Project. Attached as Appendix A is a detailed summary of overall budgetary position for the above project, with tracked changes from the previous Latest Estimated Cost position.
4. The financial overview below (excluding the £100K furniture and equipment allocation) shows the overall cost position as at September 2019:

	LEC September 2018	LEC September 2019	Variance
Total Cost	15,443,290	16,367,256	923,966

Original Budget

5. The below figures represent the original LEC value which was approved in September 2018. For clarity the figures include for design fees, surveys, contingency and risk items. It should be noted that these figures were based on feasibility design information only.

Woods Court Refurbishment	£687,424
Orchard Special School	£11,154,333
Newark Day Service	£3,331,903
Demolition of Orchard Town Site	£269,631
Overall Original Budget as LEC September 2018	£15,443,290

Initial Tender Submissions

6. Following a review of the best procurement route Willmott Dixon were selected to deliver the School and GF Tomlinson were chosen to deliver the temporary refurbishment of Woods Court and the construction of the new Newark Day Service premises. Both contractors are on Scape Frameworks. The tender documents were issued in December 2018 with a tender submission date of 1st March 2019. The initial tender submission figures were as follows:

Woods Court Refurbishment	£687,424
Orchard Special School	£12,501,477
Newark Day Service	£4,189,556
Demolition of Orchard Town Site	£269,631 <i>Not Market Tested</i>
Initial Tender Submission from Contractors	£17,648,088

7. The submitted figures set out above represented a potential increase in cost of £2,204,798 against the original approved LEC values. Clearly this was a significant figure and therefore warranted further review. As is normal practice with any tender submission and particularly where the variance is so large, Arc have carried out a forensic review of the contractor's tender submissions which has generated various reductions in costs. Furthermore, both contractors have offered a schedule of potential value engineering to bring the overall budget deficit within reasonable levels.
8. The exception to the above is the Woods Court refurbishment, which has now been delivered on site and completed for less than the original LEC value (see paragraph 9).

Finalised Tender Submissions Following Arc Review and Value Engineering

9. Woods Court Refurbishment

Woods Court Refurbishment Final Position	£601,592
Original Budget as LEC September 2018	£687,424
Total	(£85,832)

The above saving is mainly due to the mitigation and effective on-site management of various risk items included in the original LEC. There were also various items which the day service management did not ultimately require.

10. Orchard Special School

Following the forensic review and value engineering exercise the total reduction achieved from the initial tender submission is as follows.

Orchard Special School Initial Submission	£12,501,477
Orchard Special School Final Position	£11,626,477
Total	£875,000

11. The total reduction is made up of the following items

- **£280,000** – Value engineering of various packages which do not affect building performance
- **£220,000** – Reduction in scope for items such as loose FF&E (which will be procured via a separate budget), maintenance and alternative subcontract quotations
- **£350,000** – Reduction in contractor's allowances for risk and prelims following Arc forensic review
- **£25,000** – Reduction in Arc's design and management fees following internal review

12. The reduced tender submission compares to the Original budget as follows:

Orchard Special School Final Position	£11,626,477
Original Budget as LEC September 2018	£11,154,333

Total **£472,144**

13. The above increase in cost is due to several items and issues which have been scheduled below:

Work resulting from ground investigation surveys not available at the time of the September 2018 LEC preparation:-

- **£102,512** – Vibro Piling – Required due to the bearing capacity of the soils not reaching the required levels.
- **£67,556** – Stone Platform for Piling – Stone platform is required for the piling rig. This figure includes for all excavation, subsequent cart away from site and installation of stone platform

Works required by Environment Agency in association with existing water course, the extent of which was not understood at the time of the September 2018 LEC preparation:-

- **£102,253** - Lowering of the front car park to act as an intended flood area for the site. This figure also includes for the provision of circa 250m³ of storm water attenuation.

Works arising from ESFA requirements and school organisation requirements:-

- **£100,000** – Lifts – Increase in specification to evacuation lifts to enable disabled building users to escape from the first floor in the event of an evacuation. Due to this requirement the size of lifts has also increased from 8 passenger to 21 passengers.
- **£12,500** – Rooflights – Additional rooflights required to provide daylighting following ESFA's advice and recommendations.

Other significant items:-

- **£117,365** – Sprinkler Installation – Although a sprinkler was allowed for at feasibility the specification of the sprinkler was to comply with the British standard. The requirement has since increased to comply with Technical Bulletin 221 which obligates designers and installers to protect all voids with a sprinkler system, which effectively doubles the cost
- **£17,500** – Archaeological requirements – The site has had to have an initial reduce level dig over a significant area to comply with a planning requirement from NCC's archaeological officer
- **£27,459** – Bricks – Change in colour of bricks from grey to red following review by the Council.
- **(£75,001)** – Saving on project contingency and agreement of final VE items

14. Newark Day Service

Following the forensic review and value engineering exercise the total reduction achieved from the initial tender submission is as follows:

Newark Day Service Initial Submission	£4,189,556
Newark Day Service Final Position	£3,869,556
Total	£320,000

15. The total reduction is made up of the following items

- **£200,000** – Value engineering of various packages which do not affect building performance
- **£120,000** – Reduction in contractor's allowances for risk and prelims following Arc forensic review

16. The reduced tender submission compares to the original budget as follows:

Newark Day Service Final Position	£3,869,556
Original Budget as LEC September 2018	£3,331,903
Total	£537,653

17. The above increase in cost is due to several items and issues which have been scheduled below:

Work resulting from ground investigation surveys not available at the time of the September 2018 LC preparation

- **£77,456** – Driven Piling – required due to the bearing capacity of the soils not reaching the required levels.
- **£48,696** – Stone Platform for Piling – A stone platform is required for the piling rig, this figure includes for all excavation, subsequent cart away from site and installation of stone platform
- **£30,000** – Programme duration increased by 4 weeks from original feasibility mainly due to the breaking out works to the existing building slab from former Grove Leisure Centre
- **£25,568** – Void protection works due to elevated gas levels on the former Leisure Centre site
- **£78,812** – Breaking up of existing former car park and reinstatement following survey of formation levels and resultant insufficient quantities of stone in the build-up

Works required by Environment Agency in association with existing water courses, the extent of which was not understood at the time of the September 2018 LEC preparation:-

- **£37,568** - Provision of circa 150m³ of storm water attenuation

Other significant items:-

- **£85,969** – Sprinkler Installation – Although a sprinkler was allowed for at feasibility the specification of the sprinkler was to comply with the British standard. The requirement has since increased to comply with Technical Bulletin 221 which obligates designers and installers to protect all voids with a sprinkler system, which effectively doubles the cost
- **£70,538** – Reintroduction of steel frame due to lightweight option being unviable
- **£65,456** – Increased scope of external services and the requirement to install within the main entrance footpath which will require reinstatement works
- **£17,500** – Bricks – Change in colour of bricks from grey to red following review by the Council.

18. Demolition of Orchard Special School – Town Site

Work to determine the final cost of demolition has yet to take place. **£269,631** will be retained as a budgetary provision for this work.

19. Financial Summary

In summary, the financial position is as follows:

Overall Original Budget as LEC September 2018	£15,443,290
Initial Tender Submission from Contractors	£17,648,088
Final Budget Position as LEC September 2019	£16,367,256
Budget Variance as LEC September 2019	£ 923,966

20. Benchmarking

The Final Position Cost for the replacement Newark Orchard School can be compared against National benchmarking data as follows:

Newark Orchard School	£2,891 per m2 Gross Floor Area
National (ESFA) Benchmarking data	average £3,105 per m2 Gross Floor Area

21. Programme Summary

Woods Court

Woods Court was completed on 9th March 2019 as programmed.

Orchard School

Contract Commencement Date	-	13 th May 2019
Contract Duration	-	61 Weeks
Sectional Completion of School	-	18 th May 2019
Whole Contract Completion	-	10 th July 2020
Programme Week Nr	-	18

Newark Day Service

Contract Commencement Date	-	8 th July 2019
Contract Duration	-	48 Weeks
Contract Completion	-	8 th June 2020
Programme Week Nr	-	10

Financial Summary

22. Attached as Appendix A is a detailed summary of overall budgetary position for the above project, with tracked changes from the Latest Estimated Costs at feasibility stage as at May 2019.

Other Options Considered

23. None

Reason for Recommendation

24. Replacement of the Orchard school is a key aspiration of the County Council, and the best option for delivering that aspiration includes the associated replacement of the Newark Day Centre. The resultant new premises will deliver outstanding service provision for vulnerable children and adults for many years to come.

Statutory and Policy Implications

25. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Crime and Disorder Implications

26. There are no direct crime and disorder implications within the report.

Financial Implications

27. Overall cost of the project is increasing by £924K requiring a variation to the Capital Programme. It is proposed that this will be met from the Basic Need Grant.

Implications for Sustainability and the Environment

28. This project has strong environmental credentials, through delivery of a wide range of sustainable works within each element of this scheme.

RECOMMENDATIONS

It is recommended that:

- 1) Members consider whether there are any actions required in relation to the detail contained within this report.
- 2) Members approve a variation to the Capital Programme to reflect the increased cost of the projects.

Derek Higton
Service Director, Place and Communities

For any enquiries about this report please contact:

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Constitutional Comments (CEH – 16/09/2019)

29. The recommendations fall within the remit of Finance and Major Contracts Management Committee under the Constitution.

Financial Comments [GB - 19/09/2019]

30. The approved Children and Young People's Committee capital programme includes a budget of £15.543m for the Orchard Special School project. This report sets out that the revised estimated cost for the overall project totals £16.467m, an increase of £0.924. It is proposed that this increase is funded from the School Places capital programme which is already approved in the capital programme and has a 2019/20 budget of £14.537m.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Replacement of the Orchard Special School and Newark Day Centre – Report to Policy Committee 28-03-2018 – Published
- Replacement of the Orchard Special School and Newark Day Centre update report – Report to Report to Finance and Major Contracts Management Committee 16-07-2018 – Published
- Replacement of the Orchard Special School and Newark Day Centre – Report to Policy Committee Update Report 12-09-2018 – Published
- Latest Estimated Costs – Replacement of the Orchard Special School and Newark Day Centre – report to Finance and Major Contracts Management Committee 17-09-2018 - Published

Electoral Division(s) and Member(s) Affected

- All