

UPDATE TO CONTRACT AWARD

BRIEFING PAPER

OCEANSGATE PHASE 2, PLYMOUTH



Background

This Briefing Paper provides an update on the Executive Decision made by a Cabinet Member ref L10 19/20 of 7 August 2019 to award the Oceansgate Phase 2 construction contract to Kier Construction in the sum of £7,630,509.60. This included some provisional sums (£214k) but no further contingency to absorb increased costs on the project. The contract award compared favourable to the approved Council Business Case, being approximately £840k below budget.

The provisional sums have been expended and were contained within the amounts in the contract. However, the Council chose to increase spending on the ERDF funded part of the project to maximise the amount of grant that could be drawn down. The ERDF funding agreement was based on pre-contract estimates of cost; the subsequent agreed contract cost allowance was below the estimates and, without action, the amount of grant claimed would have been below the maximum sum offered to the Council.

This Update to Contract Award seeks approval to increase Kier's purchase order value to cover off the additional expenditure that maximises the ERDF grant for the Council, whilst maintain overall spend on Phase 2 within the approved Business Case.

What's changed

The main changes that have occurred during the contract are

- Covid lockdown 1 and subsequent changes to working practices
- Specification enhancement to ERDF funded building 1.8 to maximise the grant for the Council
- Delay to legal agreements required for the new sub-station and cable routes between Western Power, the MoD and Homes England

The contract completed 22 February 2021, 4 months later than originally planned, in part due to Covid delays and also delay to agreements with Western Power.

Cost headlines

The table below summarises the changes to cost to the Kier contract

	Forecast
	£
1 Measured Work	7,416,495.60
2 Employers Agent Instructions	285,169.08
3 Anticipated Instructions	84,993.86
4 Provisional Sums	182,882.31
5 Claims	130,753.69
Total	8,100,294.54

The Employer's Agent Instructions and the Claims cost include a total sum for enhancements to the ERDF funded building of £320,539. The enhancements to the building specification include solar panels with battery storage, internal lighting and an accessible WC and kitchenette, all aimed at attracting tenants to occupy the space. The additional work required an extension of time of 79 days.

Comparison to Business Case approval


The Business Case for the Phase 2 development was updated and approved by CCIB under Executive Decision of 4 March 2019. The Phase 2 budget breaks down as follows,


		Forecast	Approval
Works	Pre-construction	331,751	
	Construction	8,100,295	
Fees	Pre-construction	44,750	
	Construction	532,461	
Total		£9,009,257	£10,688,000

Decision Required

Approval to re-allocate existing Phase 2 business case monies (without impact on the overall approval) to cover an increase in the Kier PO value up to **£8,100,295** (an increase from initial contract award of approx. £470k).

Authorisation of Contract Award Report

Author (Responsible Officer / Project Lead)			
Name:	James Whitelock		
Job Title:	Head of Oceansgate Infrastructure		
Additional Comments (Optional):			
Signature:		Date:	27 May 2021
Head of Service / Service Director [Signature provides authorisation to this award report and award of Contract]			
Name:	Anthony Payne		
Job Title:	Strategic Director for Place		
Additional Comments (Optional):			

Signature:		Date:	09/06/21
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