

EAST RENFREWSHIRE COUNCILCABINET23 February 2023Report by Director of EnvironmentEASTWOOD CHANGING VILLAGE – UPDATE ON PROJECT PROGRESS AND
INCREASED COSTS**PURPOSE OF REPORT**

1. The purpose of this report is to update the Cabinet on the Eastwood High School Changing Village project which is funded via the General Fund Capital Programme and seek approval for additional funds to be allocated to the project to meet unanticipated costs and support project completion.

RECOMMENDATIONS

2. The Cabinet is asked to:
- a) note the update provided on the improvements to Eastwood High School Changing Village project;
 - b) approve variation of the contract under section 14 of contract standing orders; and
 - c) note the revised date for project completion.

BACKGROUND

3. This project comprises internal alteration and refurbishment to improve poolside changing facilities situated in Eastwood High School. The project will provide a modern changing village layout similar to other Leisure Trust public pools. The project was deemed essential as the current changing facilities were inadequate in terms of disability access.

4. The project was originally approved for delivery in financial year 2020/21 but was deferred to financial year 2021/22 as reported to Cabinet on 27 August 2020 and confirmed to the Cabinet on 4 March 2021 with an initial budget of £452,000. The project tender returned at £749,307.14. Including internal fees and third party costs this resulted in an overall projected cost of £854,000. In order to allow acceptance of the lowest tender and to allow the works to progress as planned, additional funds were identified and approved. As has been noted in previous reports construction costs are rising faster than general inflation due to shortages of materials and labour and bidders are factoring in additional risk in their pricing. Across Scotland, many authorities are reporting costs increases of 20% to 50% on some projects.

5 The project tender was accepted on 23 May 2022 and work commenced on 3rd August 2022.

REPORT

6. The project has encountered a number of delaying factors, detailed below, which have impacted on project cost to an extent that the project contingency funds (£54,277.24, or about 7.5% of the project tender sum) cannot mitigate. Additional capital funding of £250,000 is now required to allow completion of the planned works. The need for this additional funding has been notified to the Head of Accountancy who will update the capital plan accordingly and notify Council.

7. If the additional funding is approved, the project is expected to re-open for swimming lessons after the Easter Break.

8. The pool chamber wall was discovered to be a lightweight porous rather than solid blockwork which necessitated a different, more expensive and labour-intensive solution finishing the pool hall. In addition the drainage required a significant area of reinforced concrete floor to be uplifted and then replaced to locate and tie into the extant drainage installation.

9. The project team have explored various technical options over the last three months, looking for ways to mitigate the effect of the variations, and established that the quantifiable implications, (both in terms of time to complete, and estimated cost) are such that the project's final contract value will require cabinet approval, as per Standing Orders Relating to Contracts, order 14 – Contract Value Variation. This clause states:

Contract value may exceptionally be extended by a sum in excess of the 10 and 15% thresholds provided the appropriate authorisation route as outlined below is complied with.

For any contract above quick quote value:-

Any desired variation in excess of the 10% or 15% limits must be referred to the Chief Officer – Legal and Procurement for consideration of its legal implications. If sanctioned by the Chief Officer Legal and Procurement the proposed variation must be reported to Cabinet for approval prior to the variation being instructed. If the variation is urgently required, approval may be given by two members of Cabinet. In that case, the variation should be reported to full Cabinet as soon as practicable after such approval.

10. The proposed budget value would be increased from £854,000 to £1,104,000. The proposed contract value would be increased from £749,307 to £934,307. The Chief Officer (Legal and Procurement) has sanctioned the proposed variation and cabinet approval is now sought.

11. None of the additional works could have been anticipated without carrying out destructive investigative work that would have necessitated the closure of the pool and changing areas prior to works being tendered. Not obtaining this funding would put the pool and changing areas out of action indefinitely.

FINANCE AND EFFICIENCY

12. Funding of £75,000 from existing budgets (£25,000 from the General Building Improvement Fund 22/23, and the £50,000 from Education's Schools Major Maintenance Fund 23/24) has been identified through the reprioritization of planned works. Additional funding of £175,000 is therefore required to allow the project to be completed. The Head of

Accountancy has confirmed that this can be met within the total General Capital Grant available to the Council in 2022/23.

CONSULTATION AND PARTNERSHIP WORKING

13. Consultation has taken place with a range of key stakeholders including the Council's Property and Technical Services, Education, and ERC Leisure Trust partners. Legal Services, the Chief Procurement Officer and finance partners have also been consulted to ensure financial provision is available and adherence to Contract Standing Orders is maintained.

IMPLICATIONS OF THE PROPOSALS

14. There are no equalities, environmental, IT or staffing implications associated with this report.

CONCLUSIONS

15. The increased allocation of capital funding will allow this project to be completed in late March. The project will deliver an improved asset to be enjoyed by a wide section of the community.

RECOMMENDATIONS

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 - c) note the revised date for project completion.

Director of Environment

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