

North Lanarkshire Council

Report

Housing and Regeneration Committee

approval noting

Ref PH/TM

Date 09/09/20

Contract Variation – Wilmott Dixon (Scape) Projects

From Pamela Humphries, Head of Planning and Regeneration

Email mallaghant@northlan.gov.uk

Telephone

Tony Mallaghan, Housing
Development Manager,
01236 632866

Executive Summary

In accordance with the Council's Financial Regulations any variations where the outturn/expected costs exceed the tendered contract price by the higher of £25,000 or 5% should be reported by the appropriate budget holder to the relevant spending committee.

The purpose of this report is to inform committee of a variation in costs against tender contract price incurred on six new build social housing projects at Blair Road, Coatbridge; Old School Court, Coatbridge; Cairnhill Road, Airdrie; Draffen Street, Motherwell; Clydesdale Street, New Stevenston; and Brown Road, Cumbernauld.

Recommendations

It is recommended that the Committee:

- 1) Note the action taken to respond to additional issues identified, remedial action taken and the subsequent variation in costs as a result.

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition statement (1) Ensure a housing mix that supports social inclusion and economic growth

1. Background

1.1 A Service Delivery Agreement was agreed with Wilmott Dixon Ltd on 3rd May 2017 to construct 139 new build homes on six sites at;

- Blair Road, Coatbridge,
- Old School Court, Coatbridge,
- Cairnhill Road, Airdrie (including Park and Ride car park),
- Draffen Street, Motherwell,
- Clydesdale Street, New Stevenston,
- Brown Road, Seafar, Cumbernauld.

These projects were procured via the Scape Procure Major Works framework. This was reported to committee in the New Build Programme Committee Report dated 4th February 2016. The total contract sum for all six projects was £22,450,514.10.

1.2 The overall costs for delivering these projects have exceeded the original agreed contract sum and these are for various reasons which would not have been apparent at the outset of the project.

2. Report

2.1 Any construction work relating to new build properties can encounter issues resulting in additional costs. The major issues encountered on these projects which resulted in additional costs included, but were not limited to;

- Discovery of uncharted underground power cables within the site resulting in delays and additional costs to the project
- Discovery of uncharted gas main within the site resulting in delays and additional costs to the project
- Additional unforeseen works in connection with services and utilities
- Additional unforeseen groundworks
- Additional repairs to boundary walls
- Additional works in connection with surface water drainage connection

2.2 Each project is now complete and final accounts have been agreed in principle for all six projects. The final account agreed for the six projects totals £24,304,284.32, this compares with the delivery agreement £22,450,514.10 (3rd May 2017), an overall increase of £1,853,770.22 (8.26%). Details of the increases for the individual projects are listed in Appendix 1.

2.3 The main overspends relate to the projects at Draffen St, Motherwell, where eight uncharted power cables were discovered that severely affected the programme due to the delay in Scottish Power investigating the cables (which they had no record of); and at Cairnhill Road, Airdrie, where the cost of developing the Park and Ride car park increased due to the costs of addressing grouting of mine works and soil stabilisation work in connection with additional peat deposits on the site.

3. Equality and Diversity

3.1 Fairer Scotland Duty

Not applicable to this report

3.2 Equality Impact Assessment

Not applicable to this report.

4. Implications

4.1 Financial Impact

The additional costs have been accommodated within the HRA new supply capital allocation for the previous and current financial years.

4.2 HR/Policy/Legislative Impact

No impact.

4.3 Environmental Impact

No impact.

4.4 Risk Impact

Risk associated with the New Supply Programme is managed within the New Supply Risk Register process. By undertaking detailed ground investigation and other relevant site assessments prior to proceeding with the development of any particular site, every effort is made to mitigate the risk of unforeseen costs relating to ground conditions, although this risk cannot be eliminated entirely.

5. Measures of success

Successful delivery of the council's new supply programme to deliver 5,000 new homes by 2035.

6. Supporting Documents

Appendix 1 - Detail of Project Costs



Pamela Humphries
Head of Planning and Regeneration

Appendix 1 – Detail of Project Costs

Project	Contract Sum	Estimated Final Account	Difference	Main Reasons for Additional Costs
New Build Social Housing at Blair Road, Coatbridge	£6,181,260.12	£6,227,883.04	£46,622.92	Additional Repairs to Boundary Walls. Additional works to footpath on Corsewall Street. Additional Specification changes.
New Build Social Housing at Brown Road, Seafar, Cumbernauld	£3,057,095.41	£3,363,240.21	£306,144.80	Additional drainage, disruption and remedial works in connection with excess flooding issues from the adjacent NLC site. Removal of excess material off site and to revise site levels. Specification changes.
New Build Social Housing and Park and Ride car park at Cairnhill Road, Airdrie	£2,983,458.83	£3,723,211.84	£739,753.01	Additional grouting of mine works and soil stabilisation work in connection with additional peat deposits on the Park and Ride car park site. Additional service diversions. Additional Repairs to Boundary Walls. Specification changes.
New Build Social Housing at Clydesdale Street, New Stevenston	£2,485,193.50	£2,524,409.09	£39,215.59	Additional Repairs to Boundary Walls. Specification changes.
New Build Social Housing at Draffen Street, Motherwell	£4,500,027.01	£5,169,634.28	£669,607.27	Additional costs in connection with the diversion works of the eight uncharted power cables. Additional foundation works due to soft ground. Specification changes.
New Build Social Housing at Old School Court, Coatbridge	£3,243,479.23	£3,295,905.86	£52,426.63	Additional Repairs to Boundary Walls. Specification changes.
Total	£22,450,514.10	£24,304,284.32	£1,853,770.22	
		Over Expenditure Percentage	£1,853,770.22 8.26%	