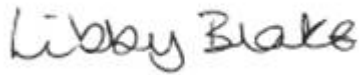




Haringey Council

Report for:	Cabinet 18 June 2013	Item Number:	
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Title:	Broadwater Farm Inclusive Learning Campus: Final Account
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Report Authorised by:	 Libby Blake, Director of Children and Young People's Service
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Lead Officer:	Laura Bridges, Senior Project Manager, Place & Sustainability
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Ward(s) affected: West Green	Report for Key/Non Key Decisions: Key Decision
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1. Describe the issue under consideration

- 1.1 It is recommended that a proposed construction final account sum of £14,658,917.00 is agreed with the Contractor, Mulalley & Co. Ltd, in advance of the Broadwater Farm Inclusive Learning Campus project completing for the reasons set out in the exempt section, Part B, of this report.
- 1.2 The proposed construction final account sum exceeds the allowance for construction costs authorised in the cash limited budget for the project and therefore approval is sought to increase the cash limited budget from funding allocated within the CYPS capital programme contingency.
- 1.3 Approval is sought to increase the cash limited budget by £1,426,119.00 to account for the final account sum, including all costs such as fees, disbursements etc.



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This recommendation is made in the context of legal advice and in consultation with the Council's Audit department, and the Construction Procurement Group (CPG) within the Central Procurement Unit.

2. Cabinet Member introduction

- 2.1 The project has delivered an outstanding and unique facility in Haringey which will benefit future generations of residents. The revised project cost is broadly in line with what could be expected in the current market for the provision of mainstream and special school facilities.
- 2.2 It is imperative that the lessons learnt exercise captures the policy and procedure shortcomings and ensures that these are not repeated

3. Recommendations

- 3.1 In consideration of legal advice and guidance from CPG it is recommended that a proposed construction final account sum of £14,658,917 is agreed with the Contractor, Mulalley & Co Ltd, in advance of the project completing. This figure is based on being within the range produced by CPG on review of the construction contract Final Account.
- 3.2 This figure makes allowances for loss and expense to the Contractor relating to delays and extensions of time claims on all three phases of the project and also makes allowances for negotiation on variations where there is a discrepancy between the figures presented by the project Quantity Surveyor and the Contractor's Quantity Surveyor.
- 3.3 It is recommended that approval is granted to increase the cash limited budget by £1,426,119.00 to account for the final account sum and includes allowances for professional fees, furniture, fittings & equipment, ICT and disbursements.

4. Alternative options considered

- 4.1 Please refer to the exempt section, Part B, of this report for the alternative options considered.

5. Background information

- 5.1 The Broadwater Farm Inclusive Learning Campus is a construction project to combine three primary schools on the Broadwater Farm estate, comprising of two special schools and one mainstream primary school, to form an inclusive learning campus. The contract was awarded under a competitive tendering exercise to Mulalley & Co Ltd in July 2010 at a contract value of £11,990,415 within an approved project cash limited budget of £16,925,491.



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- 5.2 The project is being completed over three phases, Phase 1 commenced in July 2010 and completed in September 2011, phase 2 commenced in July 2011, and completed in December 2012, Phase 3 commenced in January 2013 and is due to complete in June 2013. The schools have remained open and in operation throughout the construction works through a phased decant and occupation strategy.
- 5.3 A revised cash limit budget for the project was approved by Cabinet in October 2012 at £17,619,955 and includes allowances for construction costs, professional fees, furniture, fittings & equipment, ICT and disbursements.
- 5.4 A number of client requested and design development variations on the project has attributed to an award of time by the Contract Administrator which resulted in an additional cost of loss and expense to be paid to the Contractor. This was managed through the change control process and is taken from the contingency monies held on Client side.

6. Comments of the Chief Finance Officer and financial implications

- 6.1 The current approved cash limit budget for the project is £17,619,955.
- 6.2 As stated in the report the final projected cost of the project, including all fees and disbursements, is £19,046,074. This gives a total increase in cost of £1,426,119 (8%).
- 6.3 This cost increase will fall to be met from programme contingencies carried within the CYPS capital programme. The total available contingency sum (including as yet unallocated funds for pupil place planning) in the 13/14 approved capital programme is £2.8m. There are therefore sufficient funds available to finance the increased costs of this project, although the reduction in overall contingency does place some additional risks on the current programme. However, the Broadwater Farm project, comprising as it does the full re-provision of 3 schools is the largest single project in the current programme and its completion will signal a considerable scaling down of risk on the programme overall.

7. Head of Legal Services and legal implications

- 7.1 Please refer to the exempt section, Part B, of this report for the comments from the Head of Legal Services.

8. Equalities and Community Cohesion Comments

- 8.1 Not applicable

9. Head of Procurement Comments

- 9.1 The Construction Procurement team within the Council's Central Procurement Unit have been actively involved in negotiations and evaluation of the potential range for the final account for all three phases of the project.



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9.2 The recommended proposed construction final account figure is within the acceptable range of figures produced by the Construction Procurement Group.

9.3 A final lessons learnt review will also be expected to be undertaken at the end of the project including form of contract, design periods, legal review and other quality assurance processes etc

10. Policy Implication

10.1 Not applicable

11. Reasons for Decision

11.1 Please refer to the exempt section, Part B, of this report for the reasons for this decision.

12. Use of Appendices

12.1 Not applicable

13. Local Government (Access to Information) Act 1985

13.1 This report contains exempt and non-exempt information. Exempt information is under the following category (identified in amended Schedule 12A of the Local Government Act 1972). S (3) Information relating to financial or business affairs of any particular person (including the authority holding that information), and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.