

Cabinet – 19 November 2015

Written Responses to Question 8 not reached at Cabinet

8.

Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Simon Brown, Portfolio Holder for Children, Schools and Young People

Question: “Can you confirm the precise identity and amounts of each of the 'items omitted/excluded from the Agreed Maximum Price (AMP) schedules' which, according to a paper going to Overview and Scrutiny this week, are putting massive financial pressures on the School Expansion Programme?”

Written Response: The School Expansion Programme is successfully meeting the increasing demand for school places and investing in schools with funding secured from a range of government funding programmes.

The O&S Report notifies Members that the SEP2 Programme is experiencing significant financial pressures, part of which arises from omitted/excluded items from the AMP. The recent growth in the construction industry has created cost increases as there is greater competition for contractors, sub-contractors and the supply chain. This is an unavoidable impact for the Harrow programme. All costs of the programme are being reviewed systematically and challenged robustly.

Once the design and the schedule of works are complete the contractor provides the Agreed Maximum Price (AMP). However, once the contractor is on site unforeseen items of work and issues relating to the site and the design come to light which mean that design changes and additional works may be required. These range from small items to major issues for example, the up-grading of utilities.

Throughout the construction programme, for each school project, a monthly valuation is undertaken detailing the payments due to the contractor for works carried in accordance with the schedule and Agreed Variations. During this process there is an on-going review of additional works claimed by the contractor. All claims are reviewed robustly by the Council's technical consultants to confirm if these are justified or not. Only those substantiated by the technical consultants are considered for payment by the Council. Where items are disputed by the Contractor or the Council a resolution will need to be achieved. Officers monitor the actual project costs against the budget forecast to project variations in the spend. This continues until the project is

completed and the final account agreed.

Therefore detailed information on the total cost of the projects will not be available until the final accounts are agreed with the Contractor and the Council. The completion dates for the projects will determine when this is available. The anticipated completion dates range from November 2015 to February 2016 and based on this the full cost of the programme should be available early Summer 2016 following the completion of all the final accounts.

At this point in the process, it is anticipated that the programme will be affordable within the budget and available contingency.