

**REPORT TO:** 3MG Executive Board Sub Committee

**DATE:** 16<sup>th</sup> October 2008

**REPORTING OFFICER:** Strategic Director - Environment

**SUBJECT:** Financial Report, 3MG Landscape Contract

**WARDS:** Ditton

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To confirm that the 3MG Landscape contract will be delivered within the agreed budget of £1,170,381; and, as required by Standing Orders Relating to Finance 5.1.5., to notify the Board that the agreed tender price will be exceeded by approximately 10%.**

## **2.0 RECOMMENDATION:**

- (1) That the report is accepted and acknowledged.

## **3.0 SUPPORTING INFORMATION**

- 3.1** The detailed design for the structural landscape around the proposed rail freight development site (on the land north of Halebank Road) was presented to Executive (Transmodal Implementation) Sub-Board in April 2006, and revisions to the scheme were presented to 3MG Executive Board Sub Committee in April 2007. The work was subsequently tendered and the contract awarded to the lowest tenderer, Blakedown Landscapes, for the sum of £762,236.09.
- 3.2** Commencement on site of the landscape work was held back by several months due to delays in the diversion of the sludge main by United Utilities. The landscape contract started on site in May 2008, and the contractor has made good progress, accelerating his programme in order to bring the works back on schedule.
- 3.3** It has been necessary to include a number of unforeseen / additional items in the contract since it started on site, which will result in a projected over-spend of the contract sum by £73,213.36. This represents just less than 10% over the tender sum of £762,236.09. (A full description of these items is included in Appendix 1.) 10% represents a normal contingency figure for a development project such as this. However, Standing Orders require that expenditure exceeding 5% of the contract price be reported to the relevant Executive Board (or Executive Sub Board).

3.4 The budget allocation for the project is £1,170,381. This is made up of funding from the North West Development Association, ERDF and Halton Borough Council's capital allocation to the 3MG project.

3.5 The estimated total spend on the project of £835,000 will be accommodated within the budget allocation. Halton Borough Council's capital contribution will be approximately £117,000 out of its project allocation of £163,853, a saving of approximately £47,000 on the original budget estimate.

#### **4.0 POLICY IMPLICATIONS**

4.1 None

#### **5.0 OTHER IMPLICATIONS**

##### **5.1 Financial Implications:**

The projected over-spend of approximately £73,000 can be met from within the budget allocation for the Landscape scheme.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 None

#### **7.0 RISK ANALYSIS**

7.1 The additional / unforeseen items (as listed in Appendix 1) were all necessary to achieve a safe, high quality scheme within the required timeframe. Not carrying out any of these items would have compromised one or more of these factors.

#### **8.0 EQUALITY AND DIVERSITY ISSUES**

*None*

#### **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

**Document**

**Place of Inspection**

**Contact Officer**

## APPENDIX 1: Details of Items causing potential Over-spend, 3MG Landscape Contract

### Information supplied by Landscape Consultants, TEP, 03/09/08

The reasons for the additional expenditure are summarised below:

- After tendering the contract, liaison with the police was undertaken which resulted in changes to some of the fencing specification to improve security which resulted in addition spend of £51,787.72
- It was agreed to accelerate the earthworks element of the contract to reduce the length of time the earthworks would take at a cost of £19,500. This enabled maximum use to be made of the good weather in May..
- Changes to the contractors anticipated method of working had to be made as a result of working restrictions placed on the contractor from United Utilities for working over the sludge main which was only 1m below the surface. These restrictions were imposed after the contract had been tendered and contractor appointed. (Cost was £10,080)
- Topsoil depths across the site were in places considerably deeper than the anticipated 250mm depth. In places it was up to 400-470mm depth. The contractor was also restricted to only excavating to a level of 9.5m which meant a larger area and subsequently a larger amount of topsoil needed to be moved to gain access to the subsoil. This also increased haulage distances across the site to transport subsoil. The extra costs totalled £50,309.08
- An additional manhole was discovered once Eric Wright (contractors for the sludge main diversion) had left site which had not been brought to our attention whilst Eric Wright were on site This is in a poor condition and needs its height building up and a manhole cover fitting. (Cost £1,401.68)
- Additional re-profiling of the fishing pond was requested after the initial re-profiling had been undertaken at a cost of £1,210.
- Around the old outbuildings there was a series of soft spots which were a result of buried waste material such as old bedding for animals. This needed removing and replacing with stone to ensure a stable surface to prevent subsistence of the footpath. In addition, the footpath required re-aligning due to the existing fishing pond being considerably larger than the base plans indicated. This meant a low dish, full of rubbish, needed building up to provide a level and stable surface to construct the footpath. The rubbish and debris needed to be carted off site. The cost of this was £23,055.25.
- The remainder of the expenditure includes increased costs through re-design of the penstock/ headwall design to improve safety around this point, additional length of drainage resulting from changing the alignment of the culvert, some additional areas of wildflower planting, and additional plant numbers and hedgerow to improve security to the rear of properties. Amounting to a total of £15,802.63

This gives a total additional spend of £173,146.36 less a discount of £5,750 for discounts of £2,500 and £2,250 offered by the contractor. Some items in the contract have been omitted, which has meant that the total expenditure above the original contract figure of £762,236.09 is £73,213.36.