

## **Report to the Cabinet**

**Report reference:** C-019-2017/18  
**Date of meeting:** 12 October 2017



**Portfolio:** Asset Management & Economic Development.  
Environment.

**Subject:** Outturn Report - Oakwood Hill Depot

**Responsible Officer:** Derek Macnab (01992 564051).

**Democratic Services Officer:** Gary Woodhall (01992 564470).

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### **Recommendations/Decisions Required:**

**(1) That the final account for the construction of Oakwood Hill Depot in the sum of £2,590,043.64 be noted.**

### **Executive Summary:**

In order to achieve a vacant site to facilitate the construction of the Epping Forest Shopping Park, a number of the Council's operational services had to be relocated from Langston Road. This was achieved primarily through the construction of a new depot on Council owned land at Oakwood Hill. The new depot was commissioned in August 2016. As the defects liability period has now elapsed, and in accordance with the Council's financial Regulations, this outturn report advised Members of the final account costs, which are in excess of the Tendered Sum and any learning points for future capital projects.

### **Reasons for Proposed Decision:**

The Council's constitution requires that reports are prepared and submitted to the Cabinet on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the lesser of 10% or £25,000. This report seeks to fulfil this requirement.

### **Other Options for Action:**

There are no other available options for action.

### **Report:**

1. For many years, the Council successfully operated a range of frontline services from its Works Depot in Langston Road, Debden. These consisted of directly delivered services such as grounds and fleet maintenance (to include the MOT Service), accommodation for contracted services such as Waste Management and facilities for storage of the Museum Collection and partner organisations such as the WRVS, Meals on Wheels.
2. However, in accordance with the Council's policy of seeking to maximise the potential of its assets, an opportunity was identified in conjunction with the neighbouring landowner to develop the Epping Forest Shopping Park.

3. In order to achieve a vacant site, a number of steps were taken to include the relocation of the museum collection to the new extended and refurbished District Museum and a specific requirement contained within the procurement of the new Waste and Recycling Contract, that bidders provided their own depot at an alternative location. With regard to grounds maintenance and fleet maintenance (MOT) an opportunity was identified to construct a new depot in close proximity (in a good geographical location in terms of service requirements) on land in the Council's ownership adjacent to the Council's Oakwood Hill Industrial Estate. The site had the benefit of already being zoned for employment use in the current local plan.

4. Another advantage of the Oakwood Hill site is that it was of sufficient size to accommodate the relocation of the Council's Nursery and Landscape Service from Pырles Lane Nursery, which is being sold for residential development and potentially the Countrycare Service, based in relatively poor accommodation at Townmead, Waltham Abbey.

5. A cross directorate office project team was formed, comprising of managers of the disparate services and facilities management, ICT and Estates. The project team developed an outline brief and an external consultancy, Stace LLP, were appointed as Project Managers and Quantity Surveyors. On the basis of the brief, a pre-tender estimate was established. In December 2014, the Cabinet approved a construction budget of £2,520,000 plus fees of £75,000 for Stace LLP and a further £62,500 for engineering consultancy.

6. A competitive procurement was then undertaken for the works which were intended to be on a "turn-key" design and build contract to include a full fit-out of the office accommodation to include IT infrastructure, relocation of the MOT Workshops (to include re-accreditation with VOSA) and all associated landscape works. At the point of tender due to lack of information from the utility suppliers, statutory diversions were not contained within the tender price relating to the highways works necessary to construct the new entrance and relocate the nearby bus stop. At this point, an estimate of £50,000 was included in the tender evaluation on the advice of Stace.

7. Expressions of Interest produced a shortlist of five construction companies with relevant experience to tender and ultimately three companies submitted tenders. The lowest priced tender was submitted by T.J. Evers Ltd, based in Tiptree and after interview it was concluded that their method statements in relation to quality were sound. On this basis, the results of the procurement process were reported to Cabinet who in June 2015 agreed to award the contract to T.J. Evers at a price of £2,385,176. It was also agreed that the sum of £134,834 below the approved budget, was to be retained as contingency due to the uncertainty around the statutory services, the specific requirements of the Highways Authority and grounds conditions, particularly in relation to the land adjacent to TfL Underground tracks bordering the site.

8. Work commenced on site on the 24 August 2015, the necessary planning conditions having been discharged, i.e. in relation to the protection of trees etc. As previously mentioned, the project was managed by Stace on behalf of the Council, with the main client role being undertaken by the Council's temporary development consultant who also was responsible for the delivery of the Shopping Park.

9. As per the original tender, the contract period was for 37 weeks. In the event the works took 47 weeks for which a 3 week extension of time was granted. The remainder of 7 weeks was attributable to the contractor for which a reduction of £4,000 was deducted from the final accounts.

10. The Practical Completion Certificate for the project was issued by Stace on the 19 September 2016. In summary, the statement was as detailed below:

Oakwood Hill Loughton – 27.10. 2016

Final Account Statement

Contract Sum	£ 2,385,176.00
Omissions: Sign Board	£- <u>366.73</u>
Sub Total	<b>£ 2,384,809.27</b>
Employers Agent Instructions	£ 99,126.72
Sundry Variations	£ <u>110,109.20</u>
Sub Total	<b>£ 2,594,045.19</b>
Commercial Settlement to reflect delayed handover	£- 4,001.55
Total Final Account Value	<b>£2,590,043.64</b>

11. With respect to unforeseen costs over and above the tendered price of £2,384,809 related to Employers' Agents' Instructions of £99,126 and Sundry Variations of £110,109, totalling some £209,235.

12. The main areas of cost increase related to:

- Heave protection to ground floor slabs as as result of Structural engineer's report £31,255
- Asbestos Picking on foundation spoil £12,300
- Alterations to foul water drainage £12,579
- ECC Additional Requirements on Highways Post technical approval £62,260
- Requirement by ECC to provide manual traffic management £21,852
- Installation of temporary gate to provide Revised access through Oakwood Hill Estate £3,749

13. In addition to the increased capital costs, the Council incurred additional revenue costs of £67,000 to provide out of hours security presence to protect the depot in the absence of alarm monitoring over a protracted period following the relocation of grounds maintenance and fleet management. The problems initially arose as a result of the required telecoms connections and subsequently the configuration and commissioning of the system by the specialist alarm contractor. As the Council had invested some £2.5million plus equipping the depot, it was felt that to leave the building unprotected in the event of fire or break-in was unwise. It was not possible to delay occupation due to the urgent need to vacate Langston Road.

14. With respect to lessons learned on the project it was felt that more consistency with respect to client requirements as a result of changing personnel, would have been beneficial.

15. Similarly, whilst Stace undertook project management, a client clerk of works on site may have been able to problem solve with the contractor more effectively, particularly with

respect to a number of Health and Safety issues which if unresolved would have affected the safe operation of the depot once commissioned.

### **Resource Implications:**

The tender for the construction of the Oakwood Hill Depot was for £2,385,176. The final account was £2,590,043. This represents an increased cost of 8.5% over budget.

In addition, additional revenue costs for security were required at a cost of £67,000.

### **Legal and Governance Implications:**

The Contract for the Construction of the Council's Depot at Oakwood Hill was let through a competitive process under JCT Design and Build Contract 2011.

### **Safer, Cleaner and Greener Implications:**

The new depot was built to modern standards in relation to energy efficiency and insulation.

### **Consultation Undertaken:**

None.

### **Background Papers:**

Project Progress Reports and Final Account Assessment.

### **Risk Management:**

The decision to provide extra cost of hours for security was taken to reduce the risk of loss or theft from the Council and the inability to provide services.

### **Equality Analysis:**

Recent case law has indicated that the Due Regard Record system for providing information in reports to Cabinet and Portfolio Holders is insufficient. As a result, the following changes to the process have been introduced:

- the Due Regard Record will no longer be used; and
- an equality impact assessment will now be provided to accompany reports.

An equality impact assessment (also known as equality analysis) relating to the subject of the report must be undertaken. This must be a relatively recent assessment and must include information relevant to the report. Assessments must be evidenced based, meaning that information and data should be used in the assessment of impact. The assessment should be thorough and generate good quality information of impact. Assessment of impact must be timely and provide information on the impact of the subject of the report. A written record must be made of the assessment of impact. The whole assessment must be included as an appendix to the report, a summary is not sufficient.

The following 'must read' statement will be included in the 'Resource Implications' section of the report:

"The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report

is essential reading for all members involved in the consideration of this report. The equality information is provided at an Appendix to the report”.