

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE 18 MAY 2005

**SHELTERED HOUSING IMPROVEMENTS AT
HAMILTON GARDENS, STEWARTON**

Report by the Executive Director of Development and Property Services

1. PURPOSE OF REPORT

- 1.1 To advise members of the contractual overspend upon the above project.

2. BACKGROUND

- 2.1 The Contract was accepted by the Council on 22 June 2004, in the sum of £523,731.58. The Contract was awarded to PBL Construction Ltd. Works were programmed to be complete on site on 24 December 2004.
- 2.2 During the course of the project it was identified that additional work was required which was not included within the tendered scope of work.
- 2.3 The Councils' Standing Orders Relating to Contracts require Committee approval where the final cost of a contract exceeds or is likely to exceed the accepted Contract Sum. A report was therefore submitted to Housing Committee at the meeting of 3rd November 2004, setting out the detail of the increases to the scope of the works, and drawing members attention to the potential impact upon costs resultant from revised phasing of the works which was necessary to lessen the impact of ongoing works to the occupants over the Christmas festive period. The report to Committee indicated that instructions given to defer the works until the new calendar year would involve some element of additional costs, with a degree of contractual dispute, with the risk of associated costs. The report indicated that the contract was at that time in progress on site, therefore the amounts shown were interim assessments and that it may become necessary to put further reports to Committee should circumstances change.
- 2.4 Since the preparation of the previous interim report, it has been possible to confirm the detail of the works to the Phase 1 & Phase 2 Works which took place during 2004, and confirm and agree final costs with the Contractor. Separately, the works to Phases 3 and 4, which comprised internal works to 10 Nr. Houses located in the east wing, together with roof replacement and works to the external fabric to that part of the building have progressed and are now substantially complete. During the course of these works, further additional works have been identified, which has had effect on overall cost, and timescale for conclusion. The anticipation of a degree of contractual dispute resultant from revised timescales referred to previously has been realised, and is compounded by the lengthier timescale for completion of the Phase 3 works as a result of the additional works which became apparent.

Provisional costs to meet the estimated claim have been included in section 4.6 of this report. These are however subject to finalisation and in the event of failure to reach agreement will be referred to arbitration as provided for within the contract.

- 2.5 Action has been taken to ascertain the final cost of the works, considerably in advance of the contractual period for preparation of the Final Measurement of the works, in order to establish at the earliest possible date, the estimated final cost of the project. The detail of the current position is set out hereunder.

3. CONTRACTUAL OVERSPEND

- 3.1 The tendered scope of works comprised a substantial upgrade to the fabric of the building, including the renewal of existing roof tiles, provision of pitched roof over flat corridor areas, sprinkler system, timber trusses, internal finishes, new bathrooms, kitchens, rewiring, heating system and entrance ramp. Due to the necessary relocation of tenants during the course of the work, the works required to be phased.

- 3.2 The project initially required an aggressive savings exercise in order to maintain the project within the available budget. Revisions were made to the drawings and contract documents to reflect the changes, in the scope of the works. During the course of ongoing discussions with Building Control Section concerning the intended changes, certain measures were identified which require to be implemented within the revised specification. These included amendment to the fire containment provisions and the treatment of gables.

- 3.3 Upon opening up the Phase 1 & Phase 2 works, the extent of fabric deterioration and defect was also found to be more extensive than had been originally envisaged. The major remedial works known at that time, which formed the basis of the interim report to Committee, comprised:

3.3.1 The renewal of fascias edge trims and joist ends due to rot.

3.3.2 The renewal of upper floor and associated ceilings to the warden's accommodation due to the structural failure of the intermediate floor slab.

3.3.3 The renewal of the incoming gas supply which is currently located underneath the building and required to be re-located externally, in accordance with the current analysis of risk attached to the current type of installation.

3.3.4 Testing of the existing fabric identifying the presence of asbestos containing floor tiles to the day room, kitchen, and corridors.

3.3.5 The impact of the additional works upon the phasing of the works and the completion date.

- 3.4 Subsequently, in progressing the works to phases 1 and 2, and upon opening up the Phase 3 and phase 4 works, the extent of fabric deterioration and defect was also found to be more extensive than had been originally envisaged. The causes of additional works are:-
- 3.4.1 Water ingress within the roof areas of Phase 3 and Phase 4 over an extended period in the past, has caused wet rot located in the attic / ceiling areas. In order to rectify this situation, ceilings were removed, affected timbers replaced or treated, and ceilings reinstated.
- 3.4.2 Extensive rot repairs were carried out to the soffit and fascias of the Phase 3 and Phase 4 areas.
- 3.4.3 On investigation it was found that the structural bearing capacity of several areas of the roof within Phase 3 was deficient and required further support by the provision of additional steel beams supported on new masonry columns.
- 3.4.4 Testing of the existing fabric identified the presence of asbestos containing floor tiles to the corridors.
- 3.4.5 The further impact of the additional works upon the completion date.
- 3.4.6 It was found that the existing battens on the original roof areas were defective and required replacement, additional ventilation was required to eaves and soil drains. Fascias and down pipes required replacement, and additional leadwork was required to abutment valleys and secret gutter areas as a result of the presence of rot.
- 3.4.7 Additional electrical items were incorporated including the provision of dwelling vestibule soffit lights, routing of spur points to roof lights, the provision of light controllers, extract ventilation to warden's accommodation, light controllers to external lights, alterations to the fire alarm panel, and additional entrance lights.
- 3.4.8 Additional Internal Works were carried out, comprising a lowered ceiling in the corridor, additional plaster repairs, adjustment of existing doors, provision of entrance screen, and alterations to sludge pipes to heating systems.

4. FINANCIAL IMPLICATION

4.1	Amount of approved expenditure	<u>£575,000.00</u>
4.2	Additional Costs	
	Estimated Final Measurement	£664,925.40
	Less	
	Amount of approved expenditure	<u>£575,000.00</u>

Programme, and is provided for within the 2005/2006 Housing Improvement Programme. It should be noted however, that negotiations are ongoing with regard to concluding the costs resultant from revised timescales.

5. LEGAL / POLICY IMPLICATIONS

- 5.1 The Council is contractually bound to pay the Contractor for works instructed. The work undertaken will contribute to the Council's policy of improvement to buildings and service provision.

6. RECOMMENDATION

- 6.1 It is recommended that Committee:-

- (i) Approve the additional expenditure incurred; and
- (ii) Approve the settlement of the provisional costs resultant from revised timescales.

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Executive Director of Development and Property Services

3 May 2005

LIST OF BACKGROUND PAPERS

Nil

For further information please contact Alan Paterson, Principal Quantity Surveyor on 01563 555249.

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