



# Cabinet Member Report

**Decision Maker:** Councillor David Boothroyd, Cabinet Member for Finance & Council Reform

**Date:** 23 June 2023

**Classification:** Part Exempt

The Part B of this report is currently exempt from disclosure on the grounds that (i) it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, (ii) it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings under paragraph of Schedule 12A of the Local Government Act 1972; (iii) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information

**Title:** Contract Variation to agreed main contract sum – Coroners Court Project

**Wards Affected:** Vincent Square

**Key Decision:** This is a key decision, and an entry has been included for 28 days on the list of forthcoming decisions.

**Financial Summary:** The council's capital programme contains an allocation for this project and the financial consequences of the variation to the agreed main contract sum will be contained within Corporate Property capital budgets.

**Report of:** Gerald Almeroth, Executive Director for Finance & Resources

## **1.0 Executive Summary**

**1.1** In October 2021 CBRE Managed Services Ltd were appointed as main contractor for the project work at the Coroners Court. Construction works commenced on site in June 2022. As the project has progressed there have been some issues encountered which have resulted in CBRE seeking an Extension of Time (EOT). In addition to the EOT it has become apparent that additional refurbishment works are required to the Coroners Court building which were not included in the original scope of works and as such did not form part of the CBRE contract. This report seeks approval to vary the contract to cover additional deliverables as well as the EOT and associated costs.

## **2.0 Recommendation**

**2.1** To approve the variation to the contract for the delivery of the new extension and refurbishment of the Coroners Court with CBRE Managed Services Limited in terms of additional costs and time. The additional budget spend amounts to £907,020 excluding VAT (£1,088,422 including VAT).

## **3.0 Reasons for Decision**

**3.1** Utilising CBRE Managed Services for additional works whilst they are on-site provides greater value for money rather than progressing at a later date at a greater cost. It is also the case that many of the additional items are integral to the building and returning at a later date would result in service disruption.

**3.2** There was a competitive process to appoint CBRE to ensure value for money and quality.

**3.3** The commercial negotiations for the Extension of Time agreement have ensured that the council has secured the best possible outcome.

**3.4** All additional works identified will be carried out by CBRE's existing supply chain thus ensuring continuity and commercial consistency.

## **4.0 Background**

**4.1** CBRE submitted an Extension of Time claim in November 2022 with the supporting information following in April 2023. Following analysis by the Contract Administrator and QS, the claim has been settled.

**4.2** The EOT relates to various issues encountered, the main items being:

- Change in Structural Engineer from the initial appointment.
- Underground obstructions / services encountered which required re design of substructure and construction method.

The actual EOT claimed and agreed equates to a programme extension of just over 26 weeks. CBRE have only sought to recover the prolongation costs for the EOT, there is no additional value being attributed to cost inflation for the additional 6 months of programme duration.

**4.3** It became apparent that the scope of works, and in particular the items relating to the refurbishment of the existing building, was deficient. Significant items require upgrading including the lift, which is nearing the end of its life, Mechanical & Electrical items, flooring repairs, repairs to the leadwork and the lead dome, window remedial works and hard wiring the fire alarm.

**4.4** There have been several Architect's Instructions raised during the project and this includes a number of additions requested by the Highways Department including a pit lane, gantry scaffolding, banksman / traffic marshal and a conveyor to remove excavated materials.

Other changes include the cost of relocating the air quality unit, costs associated with changes to the structural engineering appointment, additional basement waterproofing and the replacing of ceilings in the attic.

**4.5** All changes have been scrutinised by the professional team including the Quantity Surveyor and have been approved by the project board. Completing these works now represents better value for money than completing them at a later date. It also avoids disruption to the Coroner's service.

## **5.0 Financial Implications**

**5.1** The Extension of Time and Architects Instruction costs will be funded from the Coroners Court Extension project budget. The budget for the Coroners Extension project is £4.299m over the life of the project and the main Contractor CBRE costs are covered within this budget. This includes a budget of £4.006m in 2022/23 and 2022/23 in addition to historic spend from prior years. Of this, £3.190m is funded from other Consortium Members.

**5.2** The Coroner's Court serves the Inner London Coronial District, and three other Boroughs are part of this Consortium, and will fund their share of the works. This comprises Westminster, Wandsworth, Merton and RBKC. The funding is split according to population as follows:

Westminster City Council	26.8%
Wandsworth	34.3%
Merton	22.4%
RB Kensington & Chelsea	16.5%

**5.3** All partner local authorities have confirmed that they will fund the project at the new, higher figure.

## **6.0 Legal Implications**

**6.1** The recommendation in this report is seeking a contract variation in respect of an additional budget spend to the Council's contractor, CBRE Managed Services Ltd undertaking construction works at Westminster Coroner's Court building located at 65 Horseferry Road, London, SW1P 2ED (the Project). The additional budget spend amounts to £907,020 excluding VAT (£1,088,422 including VAT) which is further detailed in Part B of this report.

**6.2** The original contract was executed on 22nd June 2022 with a contract sum of £2,900,817.70 (the Contract).

**6.3** As detailed in the report, the Council changed its scope of works originally issued to the Contractor to include additional works required for completion of the Project. In addition, the Council's architect for the Project issued instructions which amounted to the Council's scope of works increasing the original contract sum approved.

**6.4** An Extension of Time (EOT) of approximately 26 weeks for the date of practical completion of the works has been agreed with the Contractor. In consultation with the Council's Contract Administrator and Quantity Surveyor, Officer(s) have agreed the sum set out in Part B for the EOT period.

**6.5** The Contract sum and contract variation is below the regulated threshold for a public works contract under the Public Contracts Regulations 2015 (PCR). It is therefore, out of scope of Part 2 of the PCR and the safe harbour modification in respect of contract variations under regulation 72 do not need to be considered.

## **7.0 Carbon Impact**

**7.1** There are no carbon implications

## **8.0 Equalities Implications**

**8.1** There are no equalities implications.

**9.0 Consultation**

**9.1** Not applicable

**APPENDICES**

None

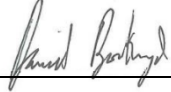
**BACKGROUND PAPERS**

Cabinet Member Report approving the appointment of CBRE.

<b>If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:</b>
Claire Nangle
<a href="mailto:cnangle@westminster.gov.uk">cnangle@westminster.gov.uk</a>

For completion by the **Cabinet Member for Finance & Council Reform**  
**Declaration of Interest**

I have no interest to declare in respect of this report

Signed:  Date: 23 June 2023


NAME: Councillor David Boothroyd

State nature of interest if any:

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*(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled "The appointment of a reactive repairs contractor" and reject any alternative options which are referred to but not recommended.

Signed: 

Cabinet Member for Finance & Council Reform

Date: 23 June 2023

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comments:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.