

The Highland Council
Education, Children and Adult Services Committee
12 November 2014

Agenda Item	7a.
Report No	ECAS 63/14

Care and Learning Capital Programme – Wick Campus Project Update
Report by Director of Care and Learning

Summary

As a supplementary item to the Capital Programme report, this report provides an update on progress with the Wick Campus project.

1. Background

- 1.1 At the 26 June 2014 Council, members received an update report in relation to Wick and Inverness Royal Academy projects, approved additional funding for those projects, and agreed delegated authority in relation to concluding the main design, build, finance and maintain (DBFM) contract for the Wick Campus project.
- 1.2 Since that time, the first enabling works contract for the Wick Campus has concluded, and a second Enabling Works Contract (EWC2), has been signed with an 8 week programme of work now underway and expected to conclude in early December.
- 1.3 These enabling works represent the acceleration of works which would otherwise have been delivered under the main DBFM contract, and have been progressed under DBFM delegation arrangements. The purpose of these enabling works contracts, is to allow on-site works to progress, with the objective of maintaining the overall project programme, while work on the main DBFM contract is ongoing.
- 1.4 A further development relates to plans to further extend the scope of the EWC2 contract. This extension is to allow the tier 1 contractor, Galliford Try (Morrison Construction), to place full orders for key work packages with sub-contractors for materials and works to be delivered under the main DBFM contract. Placing of these orders, with a value of up to £29m, will allow the contractor to achieve contractual commitments from sub-contractors, giving greater certainty to the overall project programme. On the basis that the main DBFM is concluded prior to the completion of the current EWC2 in early December, the Council would not face any cashflow requirement to fund these orders during the EWC2 programme, but would be committed to meeting these costs in due course or face cancellation charges.
- 1.5 Consideration would be given to further acceleration of works into Enabling

Works Contracts, where there is any slippage in concluding the main DBFM contract, and this acceleration supports the Council in maintaining the overall project timeline, and remaining within the agreed project affordability cap.

- 1.6 The purpose of the actions set out within this report, relating to the acceleration of DBFM works into an enabling works contract, is to reduce the risk to the Council of the project programme slipping, and as a result overall project costs increasing. These risks remain live in the current environment where construction costs are increasing, and the Council does not have absolute cost certainty until the main DBFM contract is closed.
- 1.7 Any risks to the Council arising from the actions taken, relate in the main to any risk of the project failing and the main DBFM contract not ultimately being signed off. In this scenario the Council could be faced with abortive costs. Given the extent to which the parties involved; the Council, the Scottish Futures Trust, Hubnorth Scotland and Galliford Try are committed to the project, these risks are considered low in terms of likelihood, and outweighed by the risk of delay.

2. Implications

- 2.1 Resource and Legal implications – the project remains within the affordability cap agreed by the June Council, and the actions taken and proposed relate to acceleration of works within that cost cap and part of the main DBFM contract.
- 2.2 Equalities; Climate Change/Carbon Clever; Risk and Gaelic and Rural implications – no implications to highlight.

Recommendation

Members are asked to consider this report and:

- (i) Agree the extended scope of the EWC2 contract, to allow the contractor to place full orders (paragraph 1.4);
- (ii) Agree that officers consider further acceleration of Wick Campus DBFM works into Enabling Works Contracts, if this is required to maintain overall project cost and programme, pending completion of the main DBFM contract (paragraph 1.5).

Designation: Director of Care and Learning

Date: 6 November 2014

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Background Papers: Highland Council 26 June 2014, Item 28 (taken in private)