

<b>Agenda Item No:</b>	10	
<b>Committee:</b>	Cabinet	
<b>Date:</b>	24 February 2025	
<b>Report Title:</b>	24 High Street, Wisbech - Update	

## 1 Purpose / Summary

- 1.1 To provide Cabinet with a monthly update regarding:
- Ongoing construction work at 24 High Street, Wisbech.
  - Work regarding 11-12 High Street, Wisbech will now be covered in other reports from this point forwards.
- 1.2 To highlight additional costs incurred for the construction of 24 High Street, as detailed in the January 2025 Cabinet report and to seek formal approval from Cabinet for this additional funding.

## 2 Key Issues

### 3 24 High Street

- 3.1 Etec, FDC's main contractor, continues with the construction work on 24 High Street, Wisbech. Internal works are proceeding at a pace. The expected completion date is currently 25 April 2025 - just 8 weeks away - following recent negotiations with the contractor.
- 3.2 Now that the shell of the building has been mostly completed, the number of potential issues should be reduced. That said, the project team still expects minor issues to arise as we approach completion.
- 3.3 As highlighted in previous Cabinet reports over the past few months, the contractor has asked for extensions of time (EoT) for several issues that have become apparent throughout the build, namely;
- Piling works
  - Additional slab works to ensure the building fits into the space required and the delays caused by the necessary design for this work
  - Additional materials not included on the original bill of quantities (BoQ) and the time taken to fit these materials
  - Changes necessary to the steels for the front of the building
- 3.4 The project team rejected the claim for piling works as this is a contractor item.
- 3.5 The total EoT requested by the contractor for the additional items was 22 weeks. Discussions regarding these items has been underway for several months and was resolved in early January. Whilst both parties highlight that the issues are a combination of factors due to a complex site, the best

compromise possible, to ensure progress with the build continued, was to settle at 15 weeks EoT. This has a cost of approximately **£162,000**.

3.6 Whilst the cost has been settled at 15 weeks EoT, the contractor still requires the 22 weeks of time to complete the project, meaning that completion is currently likely in April 2025. The Council will not be charged for the additional preliminaries cost of the extra 7 weeks.

3.7 Additional costs, directed to be instigated by Etec as a client (i.e FDC) instruction, have also been incurred throughout the build, with significant items being:

- The adjustment of the scaffolding at 11-12 High Street (£25,000) to ensure it was not in the footpath creating a safety issue as the same was required at 24 High Street for the works opposite.
- LABC Structural warranty – initially £78,000, but recently a switch in supplier may reduce this cost
- Insurance costs (£17,500)
- Movement monitoring systems to assess movement in the buildings adjacent to number 24 (£27,500) to ensure ongoing safety of the site and the adjacent buildings

3.8 The current construction works financial situation is as follows:

Original Etec construction cost:	£2.829m
Client instruction costs added to date:	<u>£0.246m</u>
Revised cost, pending other issues:	£3.075m
Additional costs incl. EoT 2/3/4 below:	<u>£0.189m</u>
<b>Current best cost estimate:</b>	<b>£3.264m</b>

3.9 In 2022 when Council approved the project, the construction cost was capped at £3m due to the procurement framework used. The agreement regarding EoT claims from the contractor now put the current best cost estimate at £3.264m.

#### **4 Recommendations**

4.1 That Cabinet delegates authority to the S151 officer, working in conjunction with the Portfolio Holder for Finance, to fund the additional **£265,000** identified as necessary, at this time, to complete the construction of 24 High Street. This cost is a contractual obligation as part of building work.

4.2 That Cabinet notes that until the building is completed there may be other additional costs, albeit these are anticipated to be more minor in nature, as the complex part of the building works are completed. It is anticipated that further costs will be addressed by way of a Portfolio or Officer Decision Notice.

Wards Affected	Medworth ward	
Forward Plan Reference	KEY21APR22/01	
Portfolio Holders	Cllr Chris Seaton Cllr Ian Benney Cllr Chris Boden	Portfolio Holder for Social Mobility and Heritage Portfolio Holder for Economic Growth Leader of the Council and Portfolio Holder for Finance
Report Originator	Phil Hughes	Head of Service
Contact Officers	Phil Hughes Paul Medd Peter Catchpole	Head of Service Chief Executive Corporate Director and S151 Officer
Background Papers	Previous monthly Cabinet reports regarding Wisbech High Street  July 2022 Cabinet and Council reports regarding 24 High Street, Wisbech	

## Report:

### **1 SUMMARY FINANCIAL POSITION**

Original Etec construction cost:	£2.829m
Client instruction costs added to date:	<u>£0.246m</u>
Revised cost, pending other issues:	£3.075m
Additional costs incl. EoT 2/3/4 below:	<u>£0.189m</u>
Current best cost estimate:	<u>£3.264m</u>

### **2 BACKGROUND AND INTENDED OUTCOMES**

- 2.1 Cabinet receives a monthly report regarding Wisbech High Street and in the past few months the prospect of additional costs has been made clear. In the past month the actual figures have now been agreed – by way of a compromise – between both parties.
- 2.2 This report provides Cabinet with a monthly update regarding:
  - Ongoing construction work at 24 High Street, Wisbech.
- 2.3 To highlight additional costs incurred for the construction of 24 High Street and to seek formal approval for this additional funding.

### **3 ADDITIONAL COST DETAILS**

**Detailed information regarding Extensions of Time (EoT) requests regarding EoT 2/3/4 - the additional cost of £189k highlighted in the financial summary above.**

- 3.1 As highlighted in recent Cabinet reports, the project team has been discussing three Extension of Time (EoT) requests with our contractor, Etec. There was also another initial EoT (EoT 1) claim regarding piling works. The Council rejected this claim as piling works were within the purview of the contractor, so any issues / delays with the method used has fallen for the contractor to address and pay for.
- 3.2 The weekly cost to the Council in terms of Etec's preliminary costs is approximately £11,000.
- 3.3 Etec has claimed 22 weeks EoT across the three recent claims. The council's project management team has asked Etec for further information and there has been an ongoing dialogue regarding EoT 2 (setting out of the building) and EoT 3 (materials and the bill of quantities (BoQ) and labour requirements for the changed BoQ).
- 3.4 Resolving a mutually agreeable sum for both EoT 2 and EoT 3 has not been possible over the period of the past three months.
- 3.5 This is a complex project and the Council's team does agree that Etec are owed some EoT to complete works, but both parties disagree on the extent of time.

#### **EoT 2 (12 week claim)**

- 3.6 The Council sought legal advice regarding the setting out issues that precipitated EoT 2. The advice received was that Etec should be able to rely on drawings provided to them by the client (i.e. the Council), despite the project team being clear that a good contractor would have used best endeavours to deliver the project on time by checking in advance that there were no laying out issues – and if there were to then advise the client in advance to ensure a prompt adjustment if necessary. Both parties are fixed on final figures that are 4 weeks apart. EoT 3 (6 week claim).
- 3.7 The BoQ and additional materials and changed materials has been resolved in terms of materials and their cost (a reduction in excess of £100,000 on Etec's original claim). However, both sides cannot agree regarding the extension of time required to fit the revised materials and quantities.

#### **EoT 4 (4 week claim)**

- 3.8 This is a claim due to a cost regarding a delay to the front of the building and the building steels and adjustments and time required to ensure these fitted in place in terms of the buildings either side of the new build at 24 High Street.

#### **EoT Resolution**

- 3.9 On 20 December 2024 Etec made an offer to resolve all three EoT's. This offer consisted of Etec still requiring the 22 weeks additional time added to the project timetable to complete the works, but being 'reluctantly prepared to accept' a cost of only 15 weeks. In effect this is discounting their preliminary costs.
- 3.10 After careful consideration, and in the best interests of the project and the expected completion in spring this year, the Council's project management team has decided to accept this cost and time, whilst stating that we do not agree that a 22 week delay is attributable to the employer and commenting

that the progress on site and site management remains disappointing. Additionally, ongoing weekly progress meetings are to be instigated to mitigate any further delays.

#### **4 REASONS FOR RECOMMENDATIONS**

- 4.1 The Council is in a contract with Etec to build 24 High Street. Throughout any building contract there will arise issues that add cost into a project as well as options that the client (i.e. the Council) may wish to implement as the build progresses.
- 4.2 Whilst 24 High Street is a difficult site on which to deliver the building, progress has continued at a reasonable pace. The initial piling and then slab works were difficult with ground conditions terrible, but the team has moved beyond this phase and the building shell is mostly complete.
- 4.3 The recommendations to Cabinet are necessary to increase the budget for the project from the originally agreed sum, due to issues on the build. The recommendations address the financial governance of the project and are necessary given the contractual position of the Council for this build.

#### **5 CONSULTATION**

- 5.1 N/A

#### **6 ALTERNATIVE OPTIONS CONSIDERED**

- 6.1 The Council is in a legal contract with Etec Limited to build 24 High Street. No alternative options are available given the contractual position of the Council.

#### **7 IMPLICATIONS**

##### **7.1 Legal Implications**

- 7.2 A review of the governance regarding the authority to approve the additional costs for the project has concluded that Cabinet is the correct body to consider and approve these costs.

##### **7.3 Financial Implications**

- 7.4 As highlighted, the cost of the build for 24 High Street has increased. Fortunately, the project is in the final stages and the chance of further increases remain real, but those increases, if they do occur, are expected to be more minor in nature.

##### **7.5 Equality Implications**

- 7.6 N/A

**7.7 Any Other Relevant Implications**

7.8 N/A