

**CORPORATION BOARD**

**ESTATES STRATEGY COMMITTEE**

Minutes of a meeting of the Estates Strategy Committee (ESC) held at the Abingdon campus on Wednesday 8<sup>th</sup> December 2010 at 5.00pm.

<p><b>Present:</b> Terry Stock (Chair)          Di Batchelor          Michael Chiyasa          Miranda Coles          Mike Gaston          Teresa Kelly          David Quayle</p>	<p><b>In attendance:</b> Tony Gale, Project Manager, Mace          Andrew Foster, Architect, Robothams          Phil Sheepy Cost consultant Sense          David Bramble (Clerk)</p>
---	--

**ACTION**

**1. APOLOGIES FOR ABSENCE**

None.

**2. DECLARATIONS OF INTEREST**

None.

**3. MINUTES OF THE LAST MEETING**

The minutes of the meeting held on 4<sup>th</sup> October 2010 were approved.

**4. MATTERS ARISING**

Matters arising would be covered by agenda items.

**5. VICE PRINCIPAL’S REPORT**

**5.1 Avenue 1**

Di Batchelor reported that the Unit had been open for students since September. She reported that there was an aggressive neighbour who had made a number of complaints regarding student behaviour and who was holding the College responsible for work which the vendor agreed to complete as part of the conditions of sale. Solicitors had been consulted and their recommendation for settlement of the dispute would be followed.

**5.2 Log Cabin**

The 12 month defect liability period was approaching its end and the contractors would be asked to remedy outstanding snags before the release of retention funds.

### **5.3 MAP College (McIntyre Abingdon Partnership College)**

The formal opening of the facility by John Hayes MP, Minister of State for Further Education and Skills scheduled for 9 December had been postponed at his request and would be re-arranged.

### **5.4 Witney campus**

#### 5.4.1 Project Manager's Report

Demolitions were on target and had been carried out satisfactorily. Only one complaint from a neighbour regarding dust. Value engineering process had identified a number of acceptable cost reductions including a re-design of Block N using lighter construction materials and reduced plant requirements. Warings had gone to the market place to obtain prices of materials and work packages – unfortunately supplier of bricks had gone bankrupt resulting in delay in getting prices from another supplier. The balance of the information required from Warings had only been received at 12.30 pm on 8 December – the day of the meeting..

#### 5.4.2 Planning

Andrew Foster reported that the Environmental Agency issue was the only item outstanding and he hoped to have their written agreement (already given orally) to the project on 9 December. No additional costs would need to be incurred to meet the Agency's requirements.

#### 5.4.3 Estimated Costs

Tony Gale reminded members of the VAT increase and £120k contingency for possible reinstatement of the road. The roof membrane of G block was in a poor state and it was recommended that the roof and lead work were replaced. Damp had been discovered in the Library and would need attention. Terry Stock stated that it seemed unlikely that budget projections would permit a replacement roof for G block.

#### 5.4.4 Warings Indicative Main Contract Sum

Warings had been asked to produce an indicative cost based on compliant bid costs at Stage D design. The information had been received 11 days late on the day of the meeting. The sum was £10,447,780, 25% over the cost plan and after taking account of suggested value engineering savings the budget overspend was £445,776. Phil Sheehey would spend 14/15 December working through the figures with Warings.

Terry Stock and the remainder of the Committee expressed their shock at Warings figure which put the appointment of Warings as main contractor in considerable doubt. It was disappointing that nobody from Warings was present to offer an explanation and Tony Gale was asked to convey to Simon Jones Framework Manager of Warings the Colleges' feelings. Having been selected as the preferred contractor, Warings had shattered the trust which the project team and the College had in the company. Unless a price which was within the budget figure could be agreed and a satisfactory explanation given for the estimate received today, the College would be minded to seek to appoint another contractor. Revised cost estimate would have to be received by 20 December in order that the Committee would have the information in time for a special meeting on 21 or 22 December.

When asked for his advice as to how to move forward, Tony Gale concurred with the actions identified above. He advised that if Warings were appointed as the main contractor, the expected completion date would now be 22 October 2011. Di Batchelor advised that this was not too disastrous as it was planned to occupy the new accommodation during half term.

It was agreed that it would be prudent to sound out the second highest tenderer and Tony Gale agreed to informally approach Morgan Sindall to ascertain if they were in a position to accept the appointment of main contractor and if so, did they anticipate any significant increases to their original tender.

Phil Sheehey remained confident that his cost plan was realistic and could offer no plausible explanation as to why Warings had produced an indicative contract sum 25% in excess of his estimated main contract sum.

Di Batchelor reported that "off the record" SFA had indicated that if there were understandable reasons for not meeting the 30 September deadline, SFA would be sympathetic.

#### 5.4.5 Benchmark Figures

Michael Chiyasa reported that the SFA had specifically requested a comparison between the Stage D costs and SFA norms and that there were updated SFA benchmark figures as of June 2010. Phil Sheehey reported some comparisons against old (March 2010) benchmark data.

#### **Summary of actions to be taken**

- Warings to be informed that the indicative main contract sum had to be reduced to an amount which resulted in a total project cost of £7.403m including adjustments for contingency, professional fees & VAT. If this was not achieved Warings might no longer be considered for the appointment of main contractor.
- Warings to produce revised indicative main contract sum for consideration by the Committee on Monday 20 December 2010. Member of senior management of Warings to be in attendance at ESC meeting to explain reasons for submission of main contract sum of £7,586,436 and to give assurance that project can be completed within the budget figure of £7.4m.
- Meeting of ESC to be arranged for 20 December 2010
- Morgan Sindall to be approached to ascertain their ability to assume appointment of main contractor.

**Tony Gale to  
inform  
Warings**

**Tony Gale to  
inform  
Warings  
David  
Bramble  
Tony Gale**

#### **Summary of Recommendations to the Corporation Board**

- Note SFA's approval for adding the refurbishment of G building to phase 1 of the project
- Approve the borrowing requirement for G building, bringing the total borrowing approved to £5.8m
- Note the actions of the ESC in relation to the appointment of Warings as the contractors for Phase 1 of the project

- Approve in principle the holding of a special meeting of the Corporation Board at the earliest practicable date following the next meeting of the ESC to approve the next steps in relation to the appointment of contractors.
- Approve the submission of the application for the remainder of the scheme to the SFA, implicit in which was the remaining borrowing requirement of £450,000, subject to the whole scheme being within the overall budget of £7.4m

**6. ANY OTHER BUSINESS**

There was none.

**Next meeting:** Monday 20<sup>th</sup> December 2010 at 5.00pm, Abingdon campus

Meeting ended at 6.40pm

Signed .....

4<sup>th</sup> January 2011

Terry Stock

Chair