

Question 1 = Following the call-in of this scheme report last September regarding the awarding of the design and works contract to a single contractor (Volker Fitzpatrick), the estimate for the cost of the works has risen substantially.

Answer 1

Cost increases

The costs and scope have been carefully managed to deliver Enfield expectations and achieving the Network Rail (contractual) Customer Obligations.

Call-in part 2 of the September 2018, the response on Cost clearly identifies that the original scope of work back in 2016 would likely to be £750,000 for design and £3,250,000 for the delivery of the works. The works have come in under this budget and where possible the Enfield team have selected to manage works directly or removed from scope.

LBE was not in a position to contract out all the works in one go. The original authorisation was necessary to enter into the PCSA to enable the planning application submission. The original authorisation of £2m included the initial £350k for the PCSA and this report seeks the remainder of £1.5M to complete the works now planning consent has been secured. The current total cost of the works is £500k below original estimate of £4M (2016).

The Council team have been supported by Stace LLP to manage the commercial work stream and at each stage, there has been independent verification of the scope which has informed negotiations.

Letting the works to a single contractor.

The works although may appear simple are in fact complex, fragmented and challenging from a design and delivery perspective. By placing with an experienced and sizeable contractor with relevant and specific experience was essential.

The single contractor procurement is the most advantageous method for the council, by placing all risk with a single party. The authority is for £3.5m including Volker's and other third-party packages.

The alternative to appointing a single contractor would have been to appoint multi contractors to deliver multi work packages, which would have lacked coordination and made it riskier and increased costs.

The procurement process was established and set-out in September in the Call-in Part 1 response.

Question 2 = Our earlier concern over the lack of a competitive procurement process for this scheme was that it might lead to significant increases in costs has proven correct.

Answer 2

As per answer to question 1, the statement in regard to increased cost is incorrect.

The approach taken was collaborative and had full transparency. Whilst the package is relatively small value, it fragmented and bity, requiring multiple interfaces and careful integration within a short time frame:

- Network Rail completing the station (same completion date as works, May 2019)
- Cognition remediation works on Willoughby Lane
- Highways live road works
- Utilities diversions

It would have been almost impossible to have undertaken these works through traditional tender and would not have been possible within the timeframe. During the original September 2018 Call-in Part 1 & 2 a full justification of the procurement process was undertaken. The works are ideally suited to framework negotiates. There is nothing to identify that the works are not value for money or support Enfield ambitions. The works are on programme to achieve station opening.

The previous call-in Part 2 that the ‘£2,000,000.00 budget cap was identified for the project for work up to and including September 2018 to fit within the budget approval with an understanding that once the scope evolved and price became defined it would inform further budget authorization.’

Stace LLP have confirmed that had the council gone done the route of competitive procurement that the council wouldn’t have been able to obtain a more competitive price as those provided by Volker’s.

. Question 3 = It is not clear from the latest report what the current estimated Total Scheme Cost actually is. Our cost comparison is shown below. Would officers confirm the correct position please broken down in the same way.

7th Sept 2018 Call-in		Latest report (Feb 2019)	Actual
	£m	£m	£m
VPF works design	0.34	0.35	0.35
VPF, LBE & TfL works	1.66	3.15	2.65
SubTotal	2.0	3.50	3.00
Consultants	0.07		
Architects	0.23		
O&P	0.04		
VAT	0.07		
Sub Total	0.41	0.41	

Other packages			0.50
Total Scheme Costs	2.41	3.91	3.5
Potential cost increase of 62% in 4 months			

Answer 3

The latest DAR provides a full and complete break down of the costs.

This is inserted below and at high level reflects Volker contract works £3m and £500k on other packages.

Authorised works					
Cost Description	£	Cost basis	Scope	Supplier	Committed / instructed
Planning and building control	-	Estimate	Fees	Enfield	Y
VolkerFitzpatrick PCSA & Phase 1 works.	349,605	Contracted	Pre-contract services inc design RIBA 1-4, planning, cost estimate and delivery certainty.	VolkerFitzpatrick	Y
VolkerFitzpatrick cost plan Phase I – customer obligation	1,500,000	Volker Stage 3 cost plan	Minimum public requirements to enable station to open	VolkerFitzpatrick (approved KD4669) See Cost plan attached	N (due 28 Jan)
Meridian Way – Teardrop south access road	55,000	LBE Highways quote by external contractor	Directly placed package to provide access over Enfield adopted highway	Enfield Highways term contractor (est)	Y
Teardrop site road extended	50,000	LBE Highways quote by external contractor	Enabling works undertaken by Enfield highways in teardrop	Enfield Highways term contractor (est)	N (due 20 Dec)
Meridian Way crossing design	5,000	TfL quote	TfL design and PM costs	TfL	Y
Traffic signal survey	3,720	TfL quote	TfL design and PM costs	TfL	Y
Crossing Signals	33,000	Siemens via TfL	TfL approve contractor signal engineering	TfL	N
Committed Phase 1 works	1,996,325				
Remaining authority	3,675	NIL	NA	NA	N
Cost	2,000,000				
Seeking Authorisation					
VolkerFitzpatrick cost plan Phase 2 Place Making	1,150,395	Volker Stage 3 cost plan		Stace cost report	N
VolkerFitzpatrick Risk contingency	-	Volker Stage 3 cost plan		Stace cost report	N
Traffic signal enforcement camera	50,000	Provisional sum		Enfield CCTV contract	N
Meridian Water meanwhile & Meridian One infrastructure interface	20,000	Provisional sum		Unknown - utilities / activation	N
Enabling Works – West Side (Willoughby Lane) Cognition	150,000	Provisional sum		Cognition	N
Public realm stabilisation works - Cognition	30,000			Additional contingency	N
Contingency	99,605				
Additional authority funding	1,500,000			Initial budget £2,000,000 approved KD 6449	
Less remaining authority Phase 1	3,675				
Total works	3,500,000				

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Question 4 = Planning permission was received in December 2018. Were there any changes to the scope of works required resulting from the planning process and if so, what were they and what were the cost implications?

Answer 4

No there has not been any significant changes other than providing design details and responding to comments / conditions.

The most significant risk area remains the existing utilities which have been investigated as much as possible prior to the works but lie in the shoulder of the highway and are currently being exposed.

Question 5 = What efforts were made by Stace, the Council's cost consultants and council officers to mitigate this increase in costs through a value engineering process?

Answer 5

As per the previous answers, there is no increase in the cost against the original budget estimates.

VolkersFitzpatrick activity schedule was issued on the 22nd of January 2019, the value of £3,210,386.00. Stace challenged the value and the value was revised down to £2,914,733.10 saving the local authority about £295K.

Stace has therefore been able to demonstrate the ability to identify the project's high cost elements, carry out functional analysis of the identified high cost items through external benchmarking and assess their worth and cost relationship.

Real measure is the negation of the final works from £3.2m to £2.9, which roughly equates to about 9.2% savings.

Stace have confirmed that the total budget price of £3.5M represents value for money.

Question 6 = The cost increased was referred to the Procurement and Commissioning Review Board (Part 1, para 9.25). What was the outcome and recommendations from that review?

Answer 6

A Waiver, executed in accordance with the Councils Contract Procedure Rules (CPRs), was secured for works at value of £2m but this did not cover the whole scope of the work, which now has been revised and valued now at £3.5m.

A contract for the original scope of works has been executed and the Contractor is currently on site executing the works. As the value of the Works including the revised scope is below the EU Threshold there is no breach of the Councils CPR's.

The service was also advised that any extension of the Contract must be undertaken in accordance with the Councils Constitution and that the correct governance is followed.

Question 7 = In Part 1, para .9.33, Strategic Property Services comments that future maintenance expenditure relating to the public realm should be included in the cost forecast unless it is the responsibility of Network Rail. What is the correct position?

Answer 7

The public realm land is on council owned land therefore, the maintenance is done in-house by LBE, Network Rail is not responsible for maintenance.