



DECISION REPORT

DECISION: 22/2024	DATE: 10 SEPTEMBER 2024
TITLE: DECISION ON WHETHER TO PROCEED WITH ENABLING WORKS FOR THE NEW CHORLEY POLICE STATION (NCPS) PROJECT	
AUTHOR: ANIA KWIECINSKA - PROJECT MANAGER	
<p>Executive Summary</p> <p>At the inception of the project, the aspiration was outlined to commence physical works at the New Chorley Police Station at the earliest opportunity.</p> <p>To allow this, Eric Wright Construction issued a list of various enabling works to allow earlier commencement on site, with a view to completing circa 17 weeks earlier.</p> <p>The decision to award the <i>Minor Works with Design JCT 2016</i> contract will commit the sum of £1,713,091.17 from within the approved existing project budget.</p> <p>Committing to the early release of funding has the potential saving to the project of £676,400 which should be weighed against the area of greatest risk, being the potential for increased project costs. The final project cost will not be known until the conclusion of RIBA 4 design and market testing, and which may increase due to various reasons, including planning conditions, inflation uplift, market forces, and existing building risks yet to be discovered. The risk will be managed by robust commercial reviews, value engineering and preventing scope creep.</p> <p>The following report summarises the background to the enabling works for the Project, the associated pros and cons, and the commercial and programme impacts.</p>	
<p><u>Decision required</u></p> <p>The Police and Crime Commissioner is asked to agree to proceed with the proposed enabling works for the NCPS Project as originally outlined and authorise the sum of £1,713,091.17 to be released from the current budget, and in accordance with EWC's Enabling Works pricing (Rev C 06.06.24). The price includes the transferral of £81,575.77 from the project's Risk allocation, as recommended in the Pick Everard Tender Report (07.06.24) point 8.2.</p>	

PART II

1. Background

In Jan 24, Eric Wright Construction (EWC) was appointed under a two-stage design and build contract, as Principal Designer and Principal Contractor for the NCPS Project at Euxton Lane, Chorley.

The key driver for the purchase of the old Runshaw College was the declining condition of the nearby Chorley Police Station, which was sub-optimal and proving costly to maintain. Ahead of the purchase, the former Runshaw College site had been subject to theft and damage, which created a need for stringent on-site security from the outset, to satisfy insurance conditions, prevent further incidents and protect the asset's value. These issues became a key discussion point, ahead of and during EWC's appointment, leading to the intent that on site works should commence as soon as possible. This was driven by site security concerns (and cost) alongside existing infrastructure maintenance and running costs.

The contractor offered that enabling works would allow for an earlier start on site and completion to the project; with the works able to be undertaken in conjunction with the design stages, and without impact.

At the start up meeting (2 Feb 24), EWC were actioned to price the enabling works and produce an updated programme showing the benefits. On the 6 Feb 24 EWC issued two programmes: Programme A, with enabling works and B, without. Aside from finishing 17 weeks earlier, Programme A offered additional benefits, which are covered later in the report.

On 06.06.24 EWC issued a price for the enabling works, the breakdown of which is given below:

Enabling works description and cost:

Element Description	Cost (£)
Preliminaries	£368,723.80
Demolition	£485,539.60
Asbestos removal	£35,175.00
Tanking works	£219,800.95
Screeding works	£145,951.60
Structural alterations (provisional)	£35,000.00 ¹

¹ There are currently 3 work packages listed as provisional which carry a risk of price fluctuation, albeit allowances have been made in the client risk pot to negate this risk.

Brickwork repairs (provisional)	£75,000.00 ¹
Concrete remedials to cills (provisional)	£68,850.00 ¹
Service disconnections	£12,316.06
Site hoarding	£76,715.62
Measured works sub-total (excl. VAT)	£1,523,072.63
EWC Contingency (3%)	£45,692.18
Overheads and profit (4%)	£62,750.59
Enabling works total (excl. VAT)	£1,631,515.40
LanCon Contingency (5%)	£81,575.77
TOTAL	£1,713,091.17

Our cost consultant (Pick Everard) has undertaken a comprehensive review of EWC's Enabling Works Tender Submission. A Tender Report complete with an analysis, conclusion, recommendation, and next steps was issued on the 7 Jul 24.

The report concluded that EWC's Enabling Works submission does demonstrate a reasonable level of market testing and can be considered reasonably robust despite not meeting the criteria of obtaining three comparable quotes in all instances. 71.13% of the costs achieved the benchmark of three quotes or more. When taking in to account other elements that are subject to two quotations (6.68%) the elements market tested increase to 77.18%.

Pick Everard has recommended that Lancashire Constabulary move forward with Eric Wright Construction's offer. This is based on the works only and takes no account of associated Project Risks.

2. Options

The following section investigates the option to proceed with enabling works.

Timescale:

The chart below is drawn from the enabling works programme, with dates shown in blue demonstrating the impact of not proceeding with enabling works., Both assume approval of RIBA 3 (or Spatial Coordination) by 09/09/24.

RIBA Stages/Key Milestones:	Start:	Finish:
Completion Of Design Development Gateway	13/05/24	06/09/24
Planning Application – submission (Approval period estimated at 13 weeks)	16/09/24	23/12/24
Enabling works price approval period	25/05/24	20/09/24
PCC Approval Window – enabling works	09/09/24	20/09/24
Stage 4 – Detailed Design	09/09/24	18/07/25

Enabling Works under JCT (28 weeks)	21/10/24	23/05/25
EWC to produce main construction works – cost verification	06/01/25	10/03/25
LanCon commercial review	10/03/25	11/04/25
PCC Approval Window – main contract	28/04/25	09/05/25
Stage 5 – Construction (42.5 weeks)	09/06/25	20/04/26
Stage 5 (non-enabling works)		
Preliminary activities (27 weeks 3 d)	09/06/25	18/12/25
Construction period (42 weeks 1 d)	06/10/25	17/08/26
Stage 6 – handover	TBC	
Stage 7 – In Use (Facility management)	TBC	

Pros and Cons of proceeding with enabling works

Enabling works will see earlier completion, provide time to work up and price supply chain solutions to any existing build risks; and result in potential savings to the project of circa £676,400.

While the cost saving is advantageous at this point, it is crucial to recognise that the overall budget of the project is not fully matured, and it won't be confirmed until the end of RIBA stage 4.

The table below states the pros and cons of proceeding with enabling works:

Pros	Cons
<p>Cost: potential savings of c.£676,400 to the project, based upon starting on site 8 months earlier and completing the Project 4 months sooner, the breakdown for which is:</p> <ul style="list-style-type: none"> • Inflationary savings: £185,000². • Reduced site running costs for 28 weeks of standalone site management, external to the main contract: c.£448,000³ 	<p>Cost: abortive works may result if:</p> <ul style="list-style-type: none"> • Planning conditions prove too onerous or costly and the project is terminated. • Escalatory price leads to project cancellation.

² 2 x Quarterly inflationary indices (QII) @ 1% (£16,000) per quarter: £32,000 for commencing the enabling works earlier, 1 x QII (for earlier completion) against the main works @ £153,000

³ 28 wks standalone @ £12k pw = £336k; 42 wks under main contract @ £28k = £1,176k. Total **£1,512,000**. Main contract site costs 70 wks @ £28k = **£1,960,000**.

<ul style="list-style-type: none"> • Reduced LanCon site security costs: £43,400.⁴ 	
<p>Time: Project completion 17 weeks earlier.</p> <p>Earlier discovery of potential existing build risks would allow for earlier supply chain solutions, which might otherwise transfer and add time to the main works, creating delay to the Project.</p> <p>Site handover to Lancashire Constabulary would occur four months ahead of schedule.</p>	<p>Time: Two contracts versus one, with an attendant timeline to complete. Delay to entering the main contract may reduce overall time savings. This is mitigated by the inclusion of a Notice to Proceed within the PCSA.</p> <p>If the main contract is not deemed competitively priced, retendering with another contractor may lead to a delay.</p>

If agreement is given to proceed with enabling works at the price submitted by EWC, this would be under a standalone *Minor Works with Design JCT 2016* contract. There is no obligation to proceed to the main works with EWC or any other contractor.

3. Links to the Police and Crime Plan

The programme is compatible with the Police and Crime Commissioner Plan’s aim to invest in the replacement, maintenance and refurbishment of the Estate to deliver assets that meet statutory health and safety requirements and provide accommodation which ensures operational efficiency and effectiveness is achieved.

4. Consultation

To date, extensive routine consultation has occurred with a wide range of stakeholders to ensure that the design and development provides improvements in service delivery and are organisationally focussed to deliver operational changes required by the Chief Constable and the PCC.

A communication plan has been developed by Media and Engagement in collaboration with the PCC’s office and Estates. This details the internal and external communication strategy. It is currently under review to reflect the current programme.

5. Implications:

⁴ Difference realised between Lancon security costs (c.£8,000 per month) versus EWC’s monthly fee of £1,800 over 7 months: £43,400.

- a. **Legal** - these have been considered in detail at every stage of the proposals including detailed discussions with the various regulatory bodies such as the local planning and transport authorities.
- b. **Financial** - The feasibility budget carried out by EWC indicates a total build cost of £16,971,281.00 for the construction, inclusive of fees and allowing for inflationary increases based on BCIS indices. This is within the current capital allocation of £19,270,000.

The decision to award *Minor Works with Design JCT 2016* contract will incur a cost of £1,713,091.17 from within the approved existing project budget. This decision requires the bringing forward of monies from the main works and does not represent additional spend.

- c. **Equality Impact Assessment** – n/a
- d. **Data Protection Impact Assessment** – n/a

6 Risk Management

Risk	Mitigating Actions
Existing building Risks due to the age and build specification at the time may reveal areas requiring remediation. Dependant on findings, this may come with a substantial cost increase and delay.	Early surveys and intrusive works on the building by EWC will identify early, key risk building areas such as roofing, glazing and door, fire stopping, etc. Allowing LanCon to consider follow up recommendations following cost and benefit analysis.
Project cost overrun.	Regular cost plans submitted by Pick Everard will ensure stakeholders and the Governance Board are fully appraised of project costs as the RIBA stage 4 design is developed. Robust change control, value engineering, prevention of scope creep will support in the management of cost.
Escalatory project cost may lead to project cancellation.	Management of the project cost and clear market testing to be undertaken continuously to allow any uplift to be identified and addressed through project management processes including change control, value engineering and preventing scope creep.

Instruct EWC to conduct enabling works, may lead to less competitive main works pricing as main contract award is assumed.

Ensure that EWC demonstrate robust market testing which is effectively cost manage by Pick Everard. If the main contract is not deemed competitively priced retendering with another contractor.

7. Background Papers

- NCPS Enabling Works Tender Report - Issue 07/06/24; doc ref nr 1

8. Public access to information

Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.

Officer declaration	Date
LEGAL IMPLICATIONS –	
FINANCIAL IMPLICATIONS –	
EQUALITIES IMPLICATIONS –	
CONSULTATION – As above	
Author and Date <i>Anna Kwiecinska</i> <i>10/9/24</i>	
Sponsor and Date <i>Cristina Marshall-Kimberley</i> <i>10/9/24</i>	
Gillian Routledge – Chief Operating Officer	
I have read the above report and confirm this is factually correct.	
Signature <i>Gillian Routledge</i>	Date <i>10/9/24</i>

Chief Finance Officer to the Office of the Police and Crime Commissioner

I have read the above report and have considered the financial implications. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lancashire.

Signature Steve Freeman

Date 19/09/2024

Office of the Police and Crime Commissioner (Monitoring Officer)

I have been informed about the proposal and confirm that financial, legal and equalities advice have been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lancashire.

Signature Ian Dickinson

Date 19/09/2024