

Special General Services Committee Meeting
Wednesday 21st July 2021
Via Teams
0930 hours

Mr B Kelly, Chairman
Ms A Burgess
Mr G McKinley
Mr R Jenkins

Mrs L Baines, Committee Secretary
Ms S Ireland, Programme Manager
Mrs E Maurice, Head of Finance

Apologies: Mr S Roberts

Guest Attendance: Mr K Gentle (Project Sponsor)

Connaught Extension Project - Budget Review

Report from Programme Manager dated 5th July 2021 tabled and considered.

In March 2020 States of Guernsey's Policy & Resource committee approved in principle £1.29M (one million two hundred and ninety thousand) to fund phase 3, the final stage of the Connaught Extension Project. Under the capital approval arrangements with the States of Guernsey, the works were approved in principle by Policy and Resources Committee up to a maximum of £1.29M subject to the States of Guernsey Director of Procurement being satisfied with the procurement approach and outcome. The Director of Procurement has been engaged with the procurement process which has also included liaison with the Head of Estates and Portfolio Director in Guernsey. Phase 3 tenders have now been received and assessed. The evaluation shows that they vary from 50% to 135% over budget. The project cannot therefore continue without further consideration of project and funding options by both the States of Alderney and Policy and Resources Committee.

The submitted tenders highlight that there is significant increase in material costs and is widely document on the news and worldwide impact. Suppliers have been unable to secure a price on some aspects due to the pandemic impact. It was noted that the preferred tender has been scrutinised thoroughly by the Project Manager and is also being reviewed by the Director of Procurement in Guernsey.

The Committee were advised that there will be ongoing costs while a decision is being made, example of insurance and contractor costs, such as Project Manager.

The Committee reviewed and discussed all options:

Option 1 – Budget Increase

Option 2 – Reduce scope/deliverable to fit current budget i.e. build shell only.

Option 3 – Change construction material.

Option 4 – Stop all works on the project completely.

Option 5 – Pause project for a period (months).

Option 6 – Re-scope phase 3.

Option 1 - Budget Increase

To enable the project to deliver on its original approved scope and benefits by delivering an extension of the current care home and facilities. The recommendation is to continue to the original business case and where possible adjustments will be made to reduce the overall costs. The recommendation is to approve a further £737,000 to complete the original approved scoped project.

Option 3 – Change construction material

GSC Members raised the question as to whether the build material decision could be revisited.

This is of course an option of which the report has touched on the benefits and risks. The example provided is to move from block to timber build.

The benefit identified to undertake this at this late stage would mainly be focussed on costs saving, in that an assumption has been made that it might be quicker build and requires a lower skill-set to erect. Alternative build options were tabled at the time of the design stage, Feb/Mar 2019. The decision was made to go with block build. This decision received input from professionals including Structural Engineer and Architect.

If this option was chosen it would require extensive rework and would significantly impact time, costs and ultimately may not result in a cost saving and likelihood risk a greater expense. It would require at least an Architect, Structural Engineer, Building Control, Planning and Project Manager to revisit the decision which would come at additional cost. Apart from the assumption of the availability of this type of resource just as significantly is the availability and costs of materials, which by no means be more available or cheaper. Changing the building material would likely extend the project length by a further six to twelve months; re-design, retenders for all contractors, and materials may not be available or cost effective a later time.

The overarching risk to change the build material now is high: ‘almost certain’ and ‘severe’ and the original benefit is unlikely to be met.

Members agreed options 2, 4, 5 & 6 are not options and requested further information is requested on Option 3 to enable further consideration, along with Option 1. Programme Manager is asked to obtain professional input (i.e Architect, Structural Engineer etc) and costings in respect of option 3.

Due to the emergency regulations not currently in place to enable the Committee meetings officially meet virtually, Microsoft Teams, the Committee agreed to the proposed resolution, for ratification in person at 2.15pm the same afternoon at the Court House.

Proposed resolution for ratification:

The General Services Committee resolved to further discuss Option 1 and Option 3, with additional professional advice and costings information to be provided to members regarding Option 3.

Meeting Closed: 10.20am

Reconvened - 1415 Court House

Wednesday 21st July 2021

The General Services Committee reconvened in person at 2.15pm at the Court House before the States meeting to ratify the following resolution:

The General Services Committee resolved to further discuss Option 1 and Option 3, with additional professional advice and costings information to be provided to members regarding Option 3.

Meeting Closed: 1425

Signed: Boyd Kelly

Date: July 2021