

Canada Water Library

Appendix 2

Current assessment of works contract variations and forecast outturn

	Description	Financial Statement No 7	
		Itemised (£)	Running total (£)
1.	Contract Sum	13,732,732	
2.	Less, contingency and day works provision	(404,750)	13,327,982
3.	Client changes (including 9a & 9c below)	458,890	13,786,872
4.	BLCQ rechargeable items relating to the Plaza	205,250	13,992,122
5.	Contract variations/adjustments by design team (actual and anticipated)	507,969	14,500,091
6.	Estimated value of main contractor's claim (based on 14 calendar weeks prolongation costs)	342,020	14,842,111
7.	Estimated final contract cost	14,842,111	
8.	Estimated difference to Contract Sum	1,109,379	
9.	Less, adjustment for items with additional budget provision:		
9a	- ICT installation (cabling and AV/TV) – contained within Line 3 (Client changes) above	(299,050)	14,543,061
9b	- BLCQ rechargeable items - as Line 2 above	(205,250)	14,337,811
9c	- Cafe servery costs to be reimbursed by the cafe provider	(76,000)	14,261,811
10.	Estimated difference to Contract Sum (as adjusted)	<u>529,079</u>	

Commentary on Variations in cost:

Line 1: The cost reported in Financial Statement No 7 above assumes that the target £1 million value engineering (VE) saving will be achieved. The value of VE savings associated with instructions issued to date is approximately £448,318 short of the target. The likelihood of meeting the VE target is currently under review by CZWG in consultation with the project team and is identified as a key risk in item 22 below.

Line 2: The contingency and dayworks provision has been fully utilised.

Lines 3, 9a and 9c: Client changes include £299,050 for ICT installation works and £76,000 for constructing the cafe servery, both of which are to be covered by separate budget provision. See also paragraph 13 - *ICT*, above. (NB. The cost of the ICT cabling and AV/TV, as agreed with the main contractor, is £310,900 rather than £299,050 but this has yet to be reflected in the QS figures.)

Lines 4 and 9b: The cost of Plaza works included in the Library contract is to be reimbursed by BLCQ from the TDA.

Line 5: Additional costs arising from the CPM's contract instructions (PMIs) are the

main source of the forecast increase in contract costs. Factors include underestimation of provisional sums and the omission of items in the bills of quantities prepared by the original quantity surveyor, Gleeds. The full extent of inaccuracies in the bills of quantities will not be known until measurements for final account has been completed. However, a spot check of the internal dry lining measurement is currently in progress as an interim step.

Line 6: Financial Statement No 7 includes allowance for prolongation costs only for the period so far claimed by the main contractor (i.e. 14 calendar weeks). Actual prolongation costs will be based on the final assessment of the contractor's notices by the CPM. No allowance has been made at this stage for possible disruption costs to be claimed by the main contractor.

Lines 7 and 8: estimated final contract cost at Line 7 and estimated difference to Contract Sum at Line 8 both exclude additional budget provision for the ICT and Plaza works items, respectively. They also exclude under allowance for the main contractors claim and library shelf lighting.

Line 10: This gives the difference between the contract sum and the forecast outturn cost in Financial Statement.

It should be noted that no contingency provision exists against which to offset the risk of further delays and additional costs to the contract works.