

To: Finance, Resources and Customer Services Policy Board

On: 21 November 2024

Report by: The Chief Executive and Director of Finance and Resources

Heading: Infrastructure Projects – Notification of Cost Increases on External Consultant Appointments

1. **Summary**

1.1 The purpose of this Report is to notify the Finance, Resources and Customer Services Policy Board of an increase in cost to the external consultant appointment contracts listed in items 2.1 of this Report.

1.2 The reasons for the increase in costs relating to each consultant appointment are set out in items 3.2; and 4.4 of this Report.

2. **Recommendations**

2.1 It is recommended that the Finance, Resources and Customer Services Policy Board:

2.1.1 Note the increase in the approved contract value for:

- i. Paisley Town Hall external consultant appointments awarded to Doig and Smith Ltd from £1,282,409.78 to a forecast fee of £2,164,035.22 (excluding VAT); and
- ii. Glasgow Airport Investment Area (GAIA) Project Multi-Disciplinary Services, Roads and Bridges Contract (including Site Supervision Services) awarded to Sweco UK Limited from £4,480,000 to a forecast fee of £5,504,370 (excluding VAT).

- 2.1.2 Note the quantity surveyor and designer services for the design and construction of the Main Works at Paisley Town Hall appointment completed in July 2024 on completion of the 1-year defects period.
- 2.1.3 Note the completion of the Glasgow Airport Investment Area (GAIA) Project Multi-Disciplinary Services, Roads and Bridges Contract is anticipated to be end of October 2027 on completion of the 5-year defects period.
- 2.1.4 Note that variations to each contract have been negotiated and agreed with the respective Consultant in accordance with Standing Orders Relating to Contracts 34.4 and 34.5.
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3. Paisley Town Hall (PTH) Project

- 3.1 Paisley Town Hall has been transformed into one of the top class entertainment venues in Scotland. The completion of the major refurbishment has brought this venue high onto the cultural map with the benefits already being realised. The building has been operating since September 2023 with several events having taken place.
- 3.2 Due to the scale of construction in Paisley Town Hall, a period of snagging and defect management was undertaken. This has now drawn to a close with no significant issues.
- 3.3 On 30 March 2023 a report noting the quantum and reasons for increases in costs for the appointment for quantity surveyor and designer services for the design and construction of the Main Works at Paisley Town Hall was noted by the Finance, Resources and Customer Services Policy Board.
- 3.4 Subsequent to the report noted at 3.3 of this Report, additional cost increases were incurred as notified in item 2.1.1i of this Report relating to the Consultants continuing to provide services:
- i. during prolongation of the main build programme.
 - ii. during the snagging and defects correction period; and
 - iii. to assist the CD&I project team bring the works contract to financial close.
- 3.5 As the Paisley Town Hall main works construction contract is complete and defects period has ended, the Council do not anticipate incurring additional external consultant fees regarding this project.

4. **Glasgow Airport Investment Area (GAIA) Project**

- 4.1 The Glasgow Airport Investment Area project provides the enabling infrastructure for AMIDS. Construction was completed in October 2022 and the project is now in an extended 5 year defects and maintenance period.
- 4.2 On 16 September 2015 the recommendation to award the Glasgow Airport Investment Area Lead Consultancy Commission – Multi Disciplinary Services, Roads and Bridges Contract (Ref: RC1505_4060(ITT_9194) was approved by the Procurement Sub Committee Board.
- 4.3 On 05 September 2018 a report noting the quantum and reasons for increases in costs for the Glasgow Airport Investment Area Lead Consultancy Commission – Multi Disciplinary Services, Roads and Bridges Contract (Ref: RC1505_4060(ITT_9194) was noted by the Finance, Resources and Customer Services Policy Board.
- 4.4 Subsequent to the report noted in item 4.3 of this Report, additional cost increases are required as noted in item 2.1.1ii of this Report relating to:
- i. Inflationary increase in key staff rates, in line with the Consumer Price Index and in accordance with the Conditions of Contract;
 - ii. Prolongation of the works contract due to Covid-19 pandemic which extended the period and services required for site supervision;
 - iii. support and advice managing a number of construction defects with the Contractor; and
 - iv. bringing the works contract to a financial close.

5. **Project Governance**

- 5.1 The modifications and additional instructions for each contract have been fully documented and approved in accordance with the Change Control process and project governance, which requires the approval of the City Deal and Infrastructure Programme Board prior to agreeing the final modifications / changes with each Consultant for their contract.
- 5.2 The funding for the increase in fees for the external consultant appointments will utilise existing project resources within the respective budgets for each project which were earmarked for contingencies.
- 5.3 This Report is submitted in accordance with Standing Order 20.3 which requires that where it becomes apparent that the total value of a contract as previously reported to the Finance, Resources and Customer Services Policy Board is likely to be exceeded by more than the greater of £100,000 or 25% of the approved contract value, that a report on the matter be submitted to the Finance, Resources and Customer Services Policy Board.

Implications of the Report

1. **Financial** –The additional costs outlined in this Report will be met from agreed project budget.
2. **HR & Organisational Development** – None arising directly from this Report.
3. **Community/Council Planning** - Reshaping our place, our economy and our future - The contracts will assist the project teams in delivering the strategic aims and outcomes of the Council's City Deal and infrastructure projects.
4. **Legal** - The modifications to the external consultant appointments have been made in accordance with the Council's Standing Orders relating to Contracts and with consideration to Regulation 72 (1) (e) of the Public Contract Scotland Regulations 2015.
5. **Property/Assets** - None arising directly from this Report.
6. **Information Technology** - None arising directly from this Report.
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the Report.
8. **Health & Safety**- None arising directly from this Report.
9. **Procurement** - The procurement procedures outlined within this Report shall ensure that the Council meets its statutory requirements in respects of procurement procedure, efficiency and modern Government. The modifications were considered in accordance with the Council's Standing Orders relating to Contracts and officers do not consider these to be substantial modifications to the existing contracts and therefore permissible under Regulation 72 (1) (e) of the Public Contracts (Scotland) Regulations 2015.
10. **Risk** – As noted in item 4.1, the defects period for GAIA construction works contract is ongoing and therefore there is a risk of further construction defects requiring additional support from the consultant. The project team will continue to monitor the contract but anticipated the revised fee forecast is sufficient for this risk.
11. **Privacy Impact** - None arising directly from this Report.
12. **Climate Risk** - None arising directly from this Report.

13. **Children's Rights** – This Report does not cover a new policy, function or strategy nor a substantive change to an existing policy, function or strategy which will have an impact on children's rights.
14. **Cosla Policy Position** - None arising directly from this Report.
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List of Background Papers

- a) Contract Authorisation Report for the Glasgow Airport Investment Area Lead Consultancy Commission – Multi Disciplinary Services, Roads and Bridges Contract (Ref: RC1505_4060(ITT_9194) approved by the Procurement Sub Committee Board on 16 September 2015.
- b) Report Glasgow Airport Investment Area Lead Consultancy Commission – Multi Disciplinary Services, Roads and Bridges Contract (Ref: RC1505_4060(ITT_9194) noted by the Finance Resources and Customer Services Policy Board on 05 September 2018.
- c) Report on Design Team Appointments for the Main works at Paisley Town Hall – Notification of increase in costs noted by the Finance Resources and Customer Services Policy Board on 30 March 2023.
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