

	PAPER NO: PC.13(12)	
Board/Committee:	Property Committee	
Date:	10 <sup>th</sup> October 2012	
Paper title:	Update on Student Centre	
Author:	Stephen Wells, Director of Estates and Facilities	
Executive sponsor:	Phil Cardew, PVC (academic)	
<b>Recommendation by the Executive:</b>	To note the enclosed report	
Aspect of the Corporate Plan to which this will help deliver?	Delivery of the board approved (July 2010) 25 year vision for the estate.	
Matter previously considered by:	Property Committee/Board of Governors	On: Various meetings
Further approval required?	N/A..... Committee/Board	On:
Communications – who should be made aware of the decision?	N/A	

### **Student Centre Executive Summary**

1. The University's main contractor Mansell Construction Services Ltd commenced work on site following mobilisation, on 13th February 2012 with a contract Date for Completion of the works of 30th July 2012.
2. No extension of time to the contract Date for Completion has been issued. Four requests have been issued by Mansell for an extension of time, our Project Manager and Contract Administrator Gardiner & Theobald have replied to all four promptly with advice taken from the University's lawyers Muckle LLP. Two notices are not Relevant Events under the terms of the contract and two whilst acknowledged are Relevant Events under the terms of the contract, did not cause any actual delay to the works.
3. There has been no significant client change from the tendered design. Contributory reasons for the delay are various. Initial delay came from the site

incident of 12th March involving damage to a small domestic gas pipe, resulting in Mansell halting all works, determination of their demolition sub-contractor's employment and mobilisation of a replacement sub contractor. Subsequent delay has been recorded reflecting Mansell starting far later than programmed and taking far longer to complete the major structural elements of cutting the openings through the existing structure complete with the complex temporary works to form roof lights and unite the ground and first floors of the development.

4. Mansell also re-programmed the public realm works far later in the overall programme than their tender stage intention and then suffered delivery delays and took far longer than programmed to complete. This has in turn resulted in constricting access to undertake cladding works and gain access into the internal workspaces.
5. Finalisation of the detail design, Mansell's responsibility under the design & build contract, has also at times been slow to resolve issues in order to maintain progress to programme.
6. Mansell have at their own volition supplemented their on site management team in numbers both in June and September, and replaced their lead site manager during June. Despite working longer hours daily and every weekend for the past few months now, Mansell are still struggling to hold their supply chain to dates and are repeatedly revising milestones.
7. The University and its Project Manager Gardiner & Theobald have proactively engaged with Mansell to manage their progress through to completion with weekly inspections. Pressure has been maintained at all levels up to and including Managing Director to complete the facility as soon as practically possible. Gardiner & Theobald continue to administer the contract fully and have issued the necessary Notice of Non-Completion promptly.
8. Mansell are however generally undertaking works to a very good quality.
9. Currently Mansell are forecasting that they will finally complete the works by 15th October 2012. Unfortunately, the view of our Project Manager Gardiner & Theobald is that given the work yet to complete, Mansell's past performance and the risks that remain specifically around commissioning of services, it is unlikely Mansell will actually achieve Practical Completion until 5th November 2012.
10. The University's into service programme is all fully arranged to undertake all the client's fit out from this date, with various specialists and term contractors. This comprises installing all loose furniture and fittings, installing computers and telephone handsets and connections for same, in the Venue area the installation of bar equipment, specialist lighting and sound systems and finally the necessary relocations. The completion of these into service works will facilitate an opening of the Student Centre on 26th November 2012.

11. Three distinct elements of work externally will remain to be completed after Practical Completion. These are tree planting, the removal of the former crossover in the local authority highway pavement to Borough Road, and finally the relocation of a gas meter by statutory utility company in the adjacent Borough Road Building plant room, but this means a small area of public realm to the front of the Student Centre cannot be completed until the utility company has completed their work.

12. It is anticipated that the project will be delivered within the approved budget.

## **Appendix 1**

Extracts of the Project Managers Report dated 17<sup>th</sup> September 2012 (discussed and reviewed at the Student Centre Project Board held on the 20<sup>th</sup> September 2012).



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**Project Manager's Report**  
London South Bank University

**Anchor 1 – Student Centre**

**17<sup>th</sup> September 2012**

## Anchor 1 – Student Centre

### Project Manager's Report 20 – as at 17<sup>th</sup> September 2012

#### EXECUTIVE SUMMARY

1. The approved project budget is £7,420,000. The forecast cost is £7,420,000 and contains £46,512 of Client Contingency, effectively unchanged in the period.
2. The main building contract works are ongoing and Mansell currently forecast to complete on 15<sup>th</sup> October 2012, 11 weeks later than the contract completion date. It is our opinion that Mansell will not complete the works until 5<sup>th</sup> November. LSBU have published an opening date for the facility of 26<sup>th</sup> November 2012.
3. G&T issued the Notice of Non-Completion to MCSL on 30<sup>th</sup> July 2012.
4. Pressure is being maintained on MCSL at all levels to complete the facility as soon as practically possible, but this is clearly having limited effect.
5. The contractor's design is complete and they report that their procurement activities are proceeding on schedule. Finalisation of lock suiting is ongoing.
6. The "into-service" schedule has been fully revised to reflect the contractor delays and is fully resourced.

### SECTION 1 – PROGRAMME AND PROGRESS

The latest report from the contractor, 12<sup>th</sup> September 2012, stated that they are forecasting overall PC on 15<sup>th</sup> October 2012 (11 weeks later than the contract completion date). Our advice remains that this delay is Mansell's responsibility and is caused in part by the incident on 12<sup>th</sup> March 2012 but mainly their inability to carry out the 1<sup>st</sup> floor structural alterations as they had expected. Additionally they are currently struggling to hold their supply chain to dates that they are repeatedly revising.

Our advice has changed. Based on MCSL's ongoing poor performance and a thorough review of all remaining activities we now forecast that PC will be reached on 5<sup>th</sup> November 2012 (as letter G Hughes – S Wells on 7<sup>th</sup> September 2012). We are aware that LSBU have published an opening date of 26<sup>th</sup> November 2012, a decision we are supportive of given the 'into-service' activities which are required post PC.

We are engaging proactively with Mansell to manage their progress through to completion, with weekly inspections by LSBU, G&T and MCSL taking place on Tuesday mornings. Pressure is being maintained on MCSL at all levels to complete the facility as soon as practically possible, but this is clearly having limited effect.

We have not received a response to our correspondence issued 15<sup>th</sup> August 2012 regarding MCSL's 1<sup>st</sup> delay claim (which referenced EAls 011, 016, 017 and 018). We have received a letter from them on 10<sup>th</sup> August 2012 noting a risk of delay due to the gas meter re-location works, as referenced later in this report instructions have been issued to negate this risk by removing these works from MSL's contract.

The main contract construction works are progressing as follows. Activities completed; Piling, Substructure works to the new ground floor, Surveys & Isolation of existing services, Strip out and demolition works, Roof light opening and canopy structure, Forming opening for new staircase, Concrete screeding, Making good roof coverings, Temporary Works. The following works are ongoing on site; Brickwork & blockwork, BWIC services, Stud partitions, 1st fix services installation, Structural steelwork, New staircase installation, Curtain walling, cladding & glazing, Toilets, Joinery, Roof light installation, Roof plant installation, Decoration, Hard landscaping to Kell Street & Southwark Bridge Road exit, Hard landscaping works to the north elevation forecourt, Drainage, Ceiling panels, 1st floor café installations, Boiler replacement works in the plant room, New service riser roof enclosure, Floor finishes. The following activities are expected to commence in the next reporting period; Lift installation. Mansell state that have effectively completed all design work and have confirmed that this and their procurement is proceeding as required with only the order for cleaning to be placed. Finalisation of lock suiting is ongoing.

The into-service schedule for the migration works has been updated based on the contractor's latest advice of late completion. This document sequences the following works; desking and furniture installations (office desk frames installed), ICT fit-out and commissioning (ground floor comms room handed over on 3<sup>rd</sup> July 2012), cable connections to other LSBU buildings (commenced), PA and lighting install to the venue areas (ordered), AV installations (ordered), SU and SLC staff migrations (preparations commenced).

### **SECTION 2 – CONSTRUCTION PROCUREMENT**

No further procurement activities remain with Mansell.

We continue to progress the highway works to the Borough Road frontage of the building via LB Southwark.

### **SECTION 3 – PROCUREMENT OF PROFESSIONAL SERVICES**

#### **Procurement of Consultants**

No further consultant appointments are required.

### **SECTION 4 – PROJECT BUDGET**

The approved project budget is £7,420,000. The forecast cost is £7,420,000 and contains £46,512 of Client Contingency effectively unchanged in the period. A summary of change control and instructions issued is contained in appendix D.

As noted in the last report, MCSL have increased their level of quantity surveying resource on the project and are becoming increasing “contractual” in their approach. Whilst the current opinion of both SG and G&T is that our position with MCSL and the project budget is robust, downside risks do exist as the contractor are now attempting to minimise their losses. We have commenced meetings to agree the Final Account, there remains significant work on this matter.

The financial statement summary, by the cost consultant, and the fee budget summary are attached in appendix A.

### SECTION 5 – RISK MANAGEMENT

The last risk workshop including the client-side team was held on 14<sup>th</sup> May 2012.

Unfortunately as before the two key risks on the project rest with the contractor and relate to timely completion of the works and discharge of Planning Conditions. Settlement of the Final Account will increasingly become an issue as PC is approached, meetings on this commenced. Other high level risks of note are; Disruption to LSBU business operations, Financial solvency of all Contractors, Sub-Contractors and Suppliers, Delivery of construction project with operational university building, Contractor to fully witness and de-snag before offering as complete, Systems commissioned incorrectly in accordance CIBSE codes, Effective handover to LSBU staff when operational, ICT staff availability for commissioning, Operational conversion of staff and users to the new facilities.

### SECTION 6 – KEY APPROVAL DATES

There are currently no further key approvals to be given by LSBU.

### SECTION 7 – CHANGE CONTROL

The current change control register is attached in appendix D. Within the reporting period two instructions has been issued; both relate to removing works associated with the Borough Road building gas meter replacement. This has been done to prevent LSBU becoming liable for delay's to MCSL's works, delays which have been caused by the failures of statutory services companies.

No further client driven change is envisaged. It should also be noted that in an effort to resist any EoT claims by Mansell we intend there to be not further change on the project and to issue no further instructions. The only remaining instruction will take the saving for the re-use of the sub-base on Kell St, once a value has been agreed for this.



### SECTION 8 – TARGETS IN THE NEXT PERIOD

- 1) Monitoring of the contractor's progress and administering the building contract.
- 2) Respond to and resolve the delay claim issued by the contractor, where currently we understand they have no entitlement.
- 3) Monitoring the contractor's progress in discharging the relevant Planning Conditions
- 4) Resourcing and orders for LBSU's activities within the 'into-service' programme, making the necessary changes to dates to suit Mansell's delivery.
- 5) Replacement of the Borough Road building gas meter, outside of MCSL's contract.
- 6) Review the contractor's delivered building as it reaches completion to determine if any additional "into-service" works are required.

**APPENDIX A – FINANCIAL STATEMENT SUMMARY & FEE BUDGET SUMMARY**

**LSBU Student Centre**
**Financial Statement Summary**

	<b>This Month (August 2012)</b>	<b>Last Month (July 2012)</b>	<b>Changes This Month</b>
<b>Summary</b>	<b>£</b>	<b>£</b>	<b>£</b>
Contract Sum (Excluding P.S. and Contingencies)	4,257,975.00	4,257,975.00	0.00
Defined Provisional Sums (Excluding Contingency)	319,000.00	319,000.00	0.00
Contingency & Dayworks	162,165.00	162,165.00	0.00
<b>TOTAL CONTRACT SUM (MANSELL)</b>	<b>4,739,140.00</b>	<b>4,739,140.00</b>	<b>0.00</b>
<b>Contract Sum (Excluding P.S. and Contingencies)</b>	<b>4,257,975.00</b>	<b>4,257,975.00</b>	<b>0.00</b>
<b>Financial effect of variations to date:</b>			
Employer's Agent Instructions - Appendix A	534,776.00	537,776.00	(3,000.00)
Other Anticipated Variations - Appendix B	(4,500.00)	(4,500.00)	0.00
Additional fees for:			
Novated Designers - EAI 004	17,735.00	17,735.00	0.00
First Floor Café Design - EAI 010	6,096.18	6,096.18	0.00
Proceed with full design of First Floor Café - EAI 012	13,175.92	13,175.92	0.00
<b>Remaining Defined Provisional Sums</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Remaining Contingency &amp; Dayworks</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>CURRENT PROJECTED FINAL ACCOUNT (MANSELL)</b>	<b>4,825,258.00</b>	<b>4,828,258.00</b>	<b>(3,000.00)</b>
<b>Add</b>			
Enabling works (as advised by LSBU)	184,292.00	181,616.00	2,676.00
Professional Fees (as advised by G&T)	661,457.00	661,457.00	0.00
Internal University Costs (as advised by G&T)	75,000.00	75,000.00	0.00
FF&E (as advised by G&T)	190,814.00	190,814.00	0.00
IT/AV (as advised by G&T)	200,000.00	200,000.00	0.00
Client Contingencies	46,512.00	46,188.00	324.00
<b>VAT @ 20%</b>	<b>1,236,667.00</b>	<b>1,236,667.00</b>	<b>0.00</b>
<b>TOTAL PROJECT COST</b>	<b>7,420,000.00</b>	<b>7,420,000.00</b>	<b>0.00</b>
<b>TOTAL PROJECT BUDGET</b>	<b>7,420,000.00</b>	<b>7,420,000.00</b>	<b>0.00</b>