

# PROJECT DOCUMENTATION

## EXCEPTION REPORT



### < Storey Creative Industries Centre – Main Roof >

Version: 0.01

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**This Project Utilises the Lancaster City Council  
Approach to Managing Projects (LAMP) Methodology**

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Project/Programme Board: Storey Project Executive Team

## 1. Background

In the original £5m plus project the entire roof was to be restored. Due to a reduction in grant and a need to cut costs the budget reserved for repairs to the roof was reduced to approximately £200,000.

A recent roof survey and increasing costs of lead and scaffolding has meant the costs of repairs are so high that it represent a risk to the project.

At the Construction Team Meeting held on 24<sup>th</sup> August 2007, Anthony Dalby (the Architect novated to the contractor Conlon Construction Ltd.) informed those present that the roof survey had taken place and it revealed that although the roof structure is relatively sound, some sections of the roof covering need replacing and all of the lead work needs to be replaced.

At present Conlon feels the budget reserved for roof repairs (c. £200,000 for all works & scaffolding) will only cover the cost of repair of about one third of the roof area.

Therefore Conlon (supported by all members of the Construction Team) made the following recommendations:

A) That the roof represented the highest risk to the project and this should be reflected in the risk register and Risk Log:

B) That the roof be divided into sections and prioritised in terms of work to be done. That the roof be divided into the following sections (*in order of priority*):

1. The roof above the stair wells and rooms of PD1,2,3 and 4 (the top end of Castle Hill)
2. The roof above the stair wells and rooms of PC10,11, 14 and 18 (the bottom half of Castle Hill)
3. The roof above the stair wells and rooms of PC1, 2, 3, 4, 5, 6, 7, 8, 9, and 32 (from the corner of Castle Hill along the main road to, but not including, the main Gallery roof)
4. The main Gallery roof.

Please note: excluded completely from the list of priorities are the following sections of roof:

- **The Little Gallery roof (please refer to Exception Report “Little Gallery Roof”)**
- The Old Cottage roof
- The Old Folly and roof joining it to the main building
- The roof above the room PB30.

In addition, the following two recommendations were made:

- I. That counter lever scaffolding would not be used (due to the expense) and that scaffolding should only be erected to cover the section of roof under repair at any one time.
- II. That any savings made during the construction phase be held in reserve for the main roof and it is repaired in the order of priority recommended above.**

*Please note: The Bill of Quantities will include details of the roof repairs and costs and this will be issued to the PET by 12<sup>th</sup> October 2007. Due to the fact that the NEC 3 contract will specify a Guaranteed Maximum Price GMP and there are no other sources of funding available within the Bill of Quantities i.e. all unforeseen work will either not be done or paid for by reducing funds from other budget lines.*

**2. Issue Log Ref:** Issue Log ref no 30 & Risk Log ref no R2

**3. Consequences (if no action taken)**

The risks are:

- That most or all of the potential savings could be used on the roof.
- In a worst case, if it was decided that the roof should take priority over all other work it may be necessary to mothball other areas or reduce the quality of finishes to an unacceptable level.

In particular, specify how the following aspects of the project will be affected if no action is taken:

- Business case  
If substantial parts of the roof are left in a state of disrepair, future roof repair bills will be higher than expected. In the short to medium term this could result in a less than viable project and a longer reliance on grant funding (with LCC being targeted for grant applications).
- Project objectives  
None.
- Project scope  
None.
- Project timescales  
None.

- **Project costs**  
At present the total project costs are £4,586,296, this includes £900,000 of 'in kind' match therefore the actual cash available to renovate and convert the *current agreed parts of the building* and pay for pre opening revenue activity is strictly limited to £3,686,296. This means there is only £3,243,270 for capital works – this is the Guaranteed Maximum Price. Within the GMP is £200,000 for roof repairs and there are no funds identified within any budget line to pay for additional of unforeseen repairs. To do nothing could result in the roof repair budget being expended before the whole of the main roof has been restored.
- **Project quality**  
If sufficient savings are not identified or priority is not given to the main roof as informed by the roof survey and recommended by Conlon Construction Ltd. The quality of finish to the main roof may have to be reduced with the result that the life span of the roof is reduced and the SCIC Board will face an increase roof repair bill sooner than normally expected.

#### **4. Available Options**

##### **Option 1 – Do nothing i.e. reject the recommendations of the Construction Team**

In a worst case scenario, the consequences of doing nothing could lead to substantial areas of the main roof not be restored.

##### **Option 2 – Apply for additional funds to support the repairs**

Please note that additional funds have been applied for but the timescales involved and approval are outside the control of the PET. An expression of interest (in the form of a "Concept Form") has been submitted to North West Regional Development for £640,000 for works to the roof above the third floor rooms, bringing the third floor into use, bringing the Lecture Theatre into use, improving the quality of finishes to public areas and ICT equipment for "hot desking".

##### **Option 3 – Approve the recommendations of the Construction Team**

This option would give clear guidance as to the order of priority the roof should be repaired and the order of priority of where savings (if any) should be targeted.

It should be noted that by agreeing to this option the PET will restrict its options on how to deal with the issue of the Little Gallery roof – see Exception Report "Little Gallery Roof".

#### **5. Recommendation**

It is recommended that the PET approve Option 3.

Please note:

Clearly Option 2 would be the most attractive first choice but applying for additional funds is both time consuming and outcome is outside the control of the PET.

To rely solely on applications for additional funds would be a high risk strategy.