

EAST RENFREWSHIRE COUNCIL

28 October 2015

Report by Director of Environment

GENERAL FUND CAPITAL PROGRAMME: CONTRACT INFLATION

PURPOSE OF THE REPORT

1. To make the Council aware of increases in construction inflation that have accelerated to a much greater degree than was predicted by the Building Cost Information Service of the Royal Institute of Chartered Surveyors and to seek approval to go to tender for the proposed Faith Schools Joint Campus Project.

RECOMMENDATIONS

2. It is recommended that the Council:
- (a) Notes the sharp increase in construction inflation and the potential impact on the Capital Plan;
 - (b) Agrees that tenders be sought for the Faith Schools Joint Campus Project

BACKGROUND

3. The rate of construction inflation has recently been rising much more rapidly than that which had been predicted earlier. In addition, it is predicted to rise even more for 2016 and 2017.

4. This will have a significant effect on the Council's major building projects contained within its General Fund Capital Programme. An exercise is currently underway to recalculate potential costs for all of these projects. This means that the allocated provision within the General Fund Capital Programme for at least some of them is likely to be insufficient.

5. The Capital Programme is due to be reviewed by the Council in December 2015, at which times these matters will be addressed.

6. In the meantime, there is a pressing need for the Council to deliver additional (Catholic) Denominational Primary places in this area by August 2017. Pre-five provision is also required to meet demand in the area which is compounded by the increased entitlement of flexibility for 3 and 4 year olds. To meet these timescales, the proposed Faith Schools Joint Campus project must go to tender by the end of October 2015. It is proposed therefore to go to tender within that timescale.

FINANCE AND EFFICIENCY

7. Rises in construction inflation will have an impact on the Council's General Fund Capital Programme. The situation is currently under review and will be addressed through a report to the Council in December regarding the future years General Fund Capital Programme.

CONSULTATION AND PARTNERSHIP WORKING

8. There has been consultation between the Chief Executive's, Education and the Environment Department.

CONCLUSIONS

9. There has been a sharp rise in construction inflation and this is expected to continue over the next few years. As a result of this it is necessary to review the provision within the Council's General Fund Capital Programme for major construction projects. The Council is due to review its General Fund 8 year Capital Programme in December 2015. The situation regarding construction inflation will be addressed as part of that report. In the meantime it is proposed to go to tender for the Faith Schools Joint Campus in order that timescales can be met, should the project be approved by the Council.

RECOMMENDATIONS

10. It is recommended that the Council:
- (a) Notes the sharp increase in construction inflation and the potential impact on the Capital Plan;
 - (b) Agrees that tenders be sought for the Faith Schools Joint Campus Project

Director of Environment

Further information can be obtained from: Andrew Cahill, Director of Environment on 0141 577 3036 or andrew.cahill@eastrenfrewshire.gov.uk

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KEY WORDS - Joint Schools Faith Campus, Denominational (Catholic) Primary School, Construction Inflation, General Fund Capital Programme