

CASE STUDY: CONSTRUCTION & ENGINEERING

CLIENT	University
PROJECT	City Centre Highways Diversion
CONTRACT	NEC3 Option A
CONTRACT VALUE	£1.4m
WORK SCOPE	Highways diversion around a listed building to facilitate construction of a new university faculty building and associated landscaping.
BLAKE NEWPORT SERVICES PROVIDED	Commercial and Contract Management: Assistance with Account Valuation and Negotiations with Contractor.



SITUATION

The project involved the diversion of a city centre main ring road around a listed building. The client had major concerns due to an overrun of the project programme and a valuation of the account by the contractor well over the tendered sum. This was due largely to requirements imposed by local authority and highways authority departments, works needed to divert and replace existing and sometimes unidentified utility services and the difficulties of working within a busy inner city junction including traffic management, working space, logistical problems and working time constraints. As a result the client had been forced to omit large sections of the landscaping works for inclusion in later projects and to accept that construction of their new faculty building would be delayed.

OBJECTIVE

Blake Newport was commissioned to assess over 200 Compensation Event quotations, including the validity and cost of several "claim" items, including risk, disruption and prolongation. The remit was then to assist the client with final account negotiations and if required dispute resolution proceedings; already forced to accept delay as inevitable the priority going forward would be cost containment.

IMPLICATIONS

The contractor's evaluations of the account were continuing to climb on the back of what they believed the payment assessment mechanisms of the contract allowed. These costs included: risk allowances, disruption allowances, staff time for dealing with change, staff thickening, prolongation costs, seasonal working effects, price increases and additional overheads. Blake Newport was tasked with assessing the validity of these "claim" items and the value of the Compensation Event account.

BLAKE NEWPORT SOLUTIONS

The initial task was to assess the large number of Compensation Event quotations as quickly as possible, to establish a projected account value for the university and enable them to prioritise budget requirements and realise their contractual position with regard to ongoing negotiations with the contractor. Blake Newport would also have to assess the requirements of payment mechanisms set out in the contract in order to properly recompense legitimate additional works carried out, evaluate the validity of overheads/miscellaneous allowances added to Compensation Event quotations and award against or reject the various "claim" items.

Once this exercise was completed the client could be given an assessment of a reasonable value for the works and be advised of the strength of their position with regards to ongoing negotiations and possible dispute resolution proceedings if required. Assistance and support would also be given to the client in subsequent negotiations with the contractor.

OUTCOME

Blake Newport produced a final account sum having evaluated the Compensation Events; awarding reasonable sums against quotations where the contract allowed and rejecting claims that had no standing. The client was then advised of their position, financially and contractually and assisted in negotiations for settlement.

A sum was agreed by both parties well below that previously claimed by the contractor, without recourse to adjudication and at a price within the client budget which reflected a reasonable price for the eventual extent of the works. The contractor also withdrew a further claim for an extension of time and plans to hand over the site prior to the actual date of the extension of time awarded.