

The Globe, Stockton Borough Council Covid-19 Implications

July 8th, 2020



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1 Executive Summary

Prior to the spread of Covid-19, the Globe project was on track to be complete by the target date of 9th November 2020 with a formal contracted practical completion date of the 18th December 2020.

Unfortunately, the Globe's construction contractor, Willmott Dixon (WDC), has suffered significant impacts to their resources, supply chain and materials, exacerbated by the restricted working areas and a reliance upon a number of specialised trades and material suppliers. As such the project is running in delay, with a completion date initially estimated as 27th April 2021.

Prior to the outbreak, there were regularly 100-120 operatives on site, however immediately after the Government's imposition of restrictions on movement, the numbers dropped to as low as 30. Since then, there has been some improvement on this, as WDC has continued to maintain a presence on site with capacity increasing to around 70 people, operating in strict compliance with social distancing measures, one-way pedestrian flows etc.

Given the restriction of the site and the enclosed nature of the building, discussions with WDC have confirmed they do not consider that any reduction in social distancing from the current guidance, say from 2m to 1m, would allow for any meaningful increase in on-site capacity.

Rick Wilmott, WDC's CEO, remains committed to continue with all sites, unless national guidance changes or the sites cannot be operated safely.

Stockton-on-Tees Borough Council (SBC) has sought advice from Driver Project Services (DPS) supported by legal opinion from Ward Hadaway solicitors, to better understand its liabilities and the options that might be available to help mitigate the programme slippage and reduce the financial burden on SBC.

Following extensive negotiations between SBC and WDC and subject to SBC's Cabinet decision to provide the necessary resources, agreement with WDC would see improvements on the final programme and a reduction in WDC's forecast costs resulting from Covid-19 restrictions as follows:

- A Compensation Event, changing the access date for ATG, would be issued covering WDC costs in line with the preliminaries rates in the AMP, a reduced rate from actual costs.
- A revised programme, Rev I, reflecting an early planned completion date of 19th April 2021. Willmott Dixon agreed that should they achieve an earlier completion date, then the time related saving will be offered to SBC, working back from the agreed end date of 19th April 2021.
- Further target dates for completion, improving on the date of 19th April 2021, are to be reviewed as works progress and agreed monthly.
- The access date for the ATG fit out activity to commence 12th January 2021.

The overall financial impact of Covid-19 related costs is anticipated to be approximately £1,189,511.18 excluding VAT.

2 Introduction

Following an outbreak of the novel-Coronavirus (Covid-19) in the UK during the first few months of 2020, the lives of millions of people have been affected, shops and businesses have closed and the economy has suffered with record falls in output for production, services and construction.

The impact of the virus has touched everyone in the country to some degree and is likely to continue to do so for months and potentially years ahead. This report summarises the implications of the virus upon the programme and budget for SBC's Globe project, in Stockton High Street.

The report has been structured in two distinct sections:

- **Section 1** – High level summary of the impact of the Coronavirus pandemic upon the Globe Project
- **Section 2** – Detailed narrative on impacts to programme and Compensation Event proposals

Section 1 is intended to provide an insight into the events surrounding the Coronavirus pandemic and, in particular, its impact upon the Globe, Stockton. It summarises the advice in relation to the contractual position, potential financial liabilities of SBC and discusses the risks associated with a potential second wave of the virus.

Section 2 provides a more detailed account of the various programmes and discussions that have been held between Stockton Borough Council (SBC) and the contractor, Willmott Dixon Construction (WDC), as they have jointly sought to mitigate the impact of the virus and establish a roadmap for completion of the project.

The report reflects the advice and guidance available as at 22 June 2020. The virus is still prevalent within the UK population and the Government are taking a very cautious approach to easing some of the strictest restrictions imposed on people's movement, measures not seen since the end of the second world war.

3 SECTION 1: High level summary of the impact of the Coronavirus pandemic upon the Globe Project

To understand how Covid-19 has impacted the construction of the Globe, it is necessary first to consider a timeline of the key milestones to date that help frame the paragraphs that follow.

3.1 Coronavirus Timeline – UK

- 30th January 2020 - The World Health Organisation declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern.
- 11th March 2020 - The outbreak was declared a global pandemic.
- 16 March 2020 - The UK Government advised everyone in the UK against "non-essential" travel and contact with others and to work from home if possible.
- 20 March 2020 – Cabinet Office publish Procurement Policy Note PPN 02/20- Supplier relief due to COVID-19.
- 23 March 2020 – Prime Minister, Boris Johnson, announced in a television broadcast that in order to protect the NHS, the measures to mitigate the virus were to be tightened further. The UK would enter a 'lock-down', with wide-ranging restrictions made on freedom of movement, enforceable in law, which would be reviewed every three weeks. The Government directed people to stay at home throughout this period except for essential purchases and essential work travel (if remote work was not possible).
- 26 March 2020 - The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020 were passed, making elements of the lock-down legally enforceable.
- 16 April 2020 – At the daily Government coronavirus brief, Secretary of State for Foreign and Commonwealth Affairs, Dominic Raab, confirmed that lockdown restrictions would continue for "at least" another three weeks, and he set out five conditions for any potential easing of the lockdown.
- 30 April 2020 - Boris Johnson states that the country was "past the peak of this disease".
- 11 May 2020 – Department for Business, Energy & Industrial Strategy, published various guidance including "Working safely during covid-19 in construction and other outdoor work".

3.2 Impact of Coronavirus on the Globe project

The impact of the virus varies significantly between projects, depending upon the type of construction, stage of development and the location of the site. For example, a construction site that is located in a remote field with good access is less likely to be affected than a congested city centre site, where a significant proportion of the workforce use public transport.

Equally, a new build project that is in its early stages, where work is focussed largely on excavating and pouring foundations, is less likely to be impacted than one in which the works are more advanced, with multiple trades on site working within the confines of the building envelope.

Unfortunately, the Globe project has seen substantial impacts of the Coronavirus due to the restricted working areas, multiple trades working in parallel and a reliance upon a number of specialised trades and material suppliers.

Prior to the outbreak, there were regularly 100-120 operatives on site, however immediately after the Government's imposition of restrictions on movement, the numbers dropped to as low as 30. Subsequently, there has been some improvement on this, as WDC has continued to maintain a presence on site, with capacity increasing to around 70 people, despite the site operating in strict compliance with social distancing measures, one-way pedestrian flows etc.

Nationally, WDC had furloughed over 400 of its employees but has maintained operations on 90% of its sites. Rick Wilmott, WDC CEO, remains committed to continue with all WDC sites, unless national guidance changes or the sites cannot be operated safely.

Immediately before the Government announced the lock-down, on 20th March 2020, WDC advised that works on site were on programme, based on Revision G of the programme, which indicated contractual completion on 18th December 2020.

Within Rev H of the programme, issued on 4th May 2020, WDC attempted to forecast the known Covid-19 effects and predicted site output, with reduced numbers on site, maintaining social distancing, until the end of the project. The completion date was shown as 27th April 2021 and the anticipated delay was 18.5 weeks, including the 2 weeks Christmas holiday period. This programme was not accepted by SBC.

The latest programme, Rev I, tabled on 19th June 2020, has been prepared by WDC and reflects an overall delay of 17 weeks and a planned completion date of 19th April 2021. SBC have negotiated that should WDC achieve an earlier completion date, then the time related saving will be offered and reflected in the previously agreed Total of the Prices, working back from the agreed end date of 19th April 2021. The access date for the ATG fit out activity would commence on 12th January 2021.

3.3 Forecast Financial Impact of Covid-19

The table below provides a summary of the key impacts of Covid-19 upon the Globe project. The figures are based upon completion being achieved in line with the dates shown on WDC's latest Rev I programme, i.e. 19th April 2021, and as such, any improvement on this date will result in a time related saving, reducing SBC financial exposure.

The values have been proposed following recent negotiations between the parties and, as such, would be subject to agreement and adjustment to reflect the actual date for completion, if betterment is achieved.

Cost Centre	Value (Ex VAT)
Wilmott Dixon Preliminaries	£486,785.64
Wilmott Dixon Works Prolongation Costs	£331,036.43
Contingency sum to cover any further SBC exposure to unforeseen works during the extended programme period	£200,000.00
Consequential Adjustment to SCAPE Fee	£5,089.11
Professional fees/project support costs	£166,600.00
Total	£1,189,511.18

It should be borne in mind that the above costs and programme assume that the worst of the Coronavirus is passed, and the rate of inflection continues on a downward trajectory. Should there be a second wave, WDC are keen to reserve their position on the programme, however as DPS point out in the paragraphs that follow, if stricter conditions than exist at present do not ensue, then the financial and programme risks of a second wave ought to be contained within the overall budget envelope outlined above.

In addition to WDC costs, DPS has recommended that SBC include provision for a further £200,000 contingency within any additional budgetary provision. This is to cover increased risks on the works information for extended contract period, working in different weather periods, changes to design relating to Covid-19, delays due to ATG design input, as some key staff are furloughed, increase in cost in materials and in general, extended time on site potentially creating greater risk.

3.4 Contractual Position

The impacts of the Coronavirus represent a risk that neither party to the contract could have foreseen. In these circumstances the NEC Contract makes provision for the contractor to seek relief through the Compensation Event process for events brought about by 'Force Majeure' under clause 60.1(19). The situation for the Globe project is complicated as these provisions are not available within the SCAPE contract terms. Therefore, an alternative means for resolution of the issues with the contractor is required.

Potential routes available to the Contractor may involve a claim for 'Frustration' of the contract. Frustration is generally interpreted as applying when an event occurs which renders it physically or commercially impossible to fulfil the agreement, or is so significant that it transforms a party's obligation to perform into a radically different obligation from that outlined within the contract.

Acknowledging that the whole construction industry has been impacted by Covid-19 and that the circumstances surrounding the virus and Government restrictions are

unprecedented, there is a strong likelihood that some of the UK's major projects could be engaged in long and expensive litigation over the years to come, regarding the interpretation of their contracts.

To try and avoid this and provide a robust basis for agreement between the parties on the Globe project, DPS sought, on behalf of SBC, legal advice from Ward Hadaway solicitors in respect of alternative routes for relief including provision for Change in Law (Clause X2) and/or Clause 60.1(4) changes to Key Dates within the contract.

Their advice has been that, whilst reserving a position with regard to the use of the Change in Law provisions within the SCAPE Contract, a more appropriate route would be to agree to a change in the Key Date within the contract for the access for fit out by ATG. The change was necessary due to the impact of the novel-Coronavirus and provides a mechanism for the contractor to seek both time and cost relief for the work required to accommodate this new date.

3.5 Alternative Options and Implications of future changes in guidance

Suspension of the Works

Under the NEC Contract the contractor is obliged to provide the works. Unless circumstances are so severe as to frustrate the contract, the contractor is required to make every effort to complete the project.

If an event occurs which:

- stops the Contractor completing the works or,
- stops the Contractor completing the works by the date shown on the Accepted Programme,

and which:

- neither Party could prevent and,
- an experienced contractor would have judged at the Contract Date to have such a small chance of occurring, that it would have been unreasonable for them to have allowed for it.

The Project Manager is empowered to instruct the Contractor as to how they are to deal with the event. In these circumstances, the Client then assumes responsibility for the time and cost implications of the instructions, as these would give rise to a Compensation Event under the contract. Depending upon the instructions given, this could also give rise to important health & safety considerations and potentially expose SBC to unnecessary risks that DPS has advised the client to avoid.

As the contractor was happy to continue working on site, albeit with a reduced workforce, if SBC had issued an instruction to suspend all works on site, all time and cost implications of the suspension would fall to SBC. There would also be significant additional cost incurred in making the site safe and secure for the period of suspension, as well as further costs in re-starting the project after works resumed. SBC would be responsible for all WDC's legitimate costs plus those of their supply chain, who were

unable to fulfil their contracts. As the basis for this claim would be the actual loss and expense suffered as a consequence of the suspension, it is probable that costs would have been higher than the fixed prices secured for the project.

Given that, even after the lock-down restrictions imposed on 23rd March, the project was making meaningful progress on-site in line with the Government guidelines on construction activities, it was not considered appropriate for SBC to suspend works or to step in and take control of the site.

If SBC had instructed WDC to suspend work the impact could have been as follows:

- Project Manager would have requested that WDC suspend works on the 23rd March (Date of the announcement by the Government of commencement of the lockdown period).
- It is reasonable to assume that a decision by SBC to instruct WDC to recommence works would have been made on the 10th May (Date of announcement of relaxation of lockdown by the Government when it was recommended that people should return to work who could not work at home).
- This suspension period would have equated to 8 weeks and it is reasonable to assume it would have taken WDC 2 – 4 weeks to remobilise to site and make the necessary site adjustments for revised risk assessments and method statements for social distancing.
- The impact of this suspension would have delayed the current delayed completion date of April 2021 until end of July 2021/early August 2021. This takes into account a slight betterment on the current reported delay period to take account of the relaxation in early May, of the initial rigid social distancing construction guidance rules which allowed operatives to work closer than 2m with PPE for short periods of time.
- The estimated costs payable if SBC suspended the works over and above the draft estimated Covid-19 costs currently subject to final consideration (Estimated at £1,189,511.18). All these costs would still be applicable and, for the extended programme, could have resulted in an additional £500,000 for further delay, subject to claims submitted by suppliers.

In summary, a further delay of 3-4 months and potentially an additional £500,000 in costs.

3.6 Potential Easing of Lock-down Restrictions or Consequences of a Second Wave

At the time of writing, the Government was still recommending that people maintain a safe distance of at least 2m to help prevent the spread of the virus. There is increasing likelihood that the Government will revise this guidance to 1 or 1.5m, to encourage more shops and schools to re-open.

If the guidance were to reduce social distancing to 1m, WDC has advised that they do not consider that this would have any significant impact on the numbers of people they could bring back to site. Whilst this may feel counter-intuitive, WDC have pointed

out that given the nature of the existing building, access routes into many of the work-spaces are already very narrow and would not allow two people to pass side by side, even if the social distancing was reduced to 1m. Other restrictions on messing and sanitary facilities are also such that this would not allow a significantly greater number of operatives to work safely on site.

If there were a second wave or spike in cases of the virus, the Government has opined that they would prefer to impose more local lock-down restrictions, rather than immediately revert to a national lock-down. Given that, as we stand at present, the restrictions on site have not been eased and the implications of this are factored into the programme until completion in April 2021, it is unlikely that a second spike will have additional programme implications for the Globe project.

While no-one knows how local lock-downs might work in practice, DPS consider that the implications for labour and materials supplies should be easier to manage in this scenario, than is currently the case. In the event of local restrictions, as many builder's merchants and sub-contractors have a national distribution network, it should still be possible to obtain labour and materials from areas outside of the lock-down area, in order to service the site.

4 Section2 – Detailed narrative on impacts to programme and Compensation Event proposals

4.1 Overall Programme Summary - prior to Covid-19

Under the terms of the NEC contract, Willmott Dixon Construction (WDC) is required to submit an update to the contract programme on a monthly basis. Following a review of the issues identified below, WDC issued Rev G of the programme on 20th March 2020, just before Covid-19 lockdown commenced. WDC had reviewed the programme, working through the logic to incorporate the issues below and any programme opportunities previously discussed, as highlighted in section 2.1 of this report.

- Delay to the removal of the Fly Tower roof and the requirement to amend the steelwork connection details which involves additional design work and extended procurement period for the steel delivery to site;
- Potential Stage Electrics site works period increase from 15 weeks to 18 weeks;
- Additional timber repairs required to the main Auditorium ceiling support timbers following an additional survey, once improved access was possible, undertaken on 12th February 2020, resulting in a further 2 weeks work.

The critical path remained through the timber repairs and fibrous plaster, as the delay to the fly tower roof and the roof successors on the programme did not affect the critical path. WDC had mitigated the increase to the Stage Electrics site period and accommodated the work without affecting the completion date. WDC had also concluded its negotiations with SBC in respect of the SBC refusal to accept the Option E item delays included in Revision F of the programme, and the SBC challenge to WDC to achieve a Target Programme with earlier completion. Revision G of the programme accommodated the additional timber repair work and WDC further review of activity timescales with the revised completion indicated as 18th December 2020 (Target Completion 9th November 2020).

4.2 Overall Programme Summary - including Covid-19 implications

WDC issued Rev H of the programme on 4th May 2020. WDC had reviewed the programme, working through the logic to incorporate the known and predicted delay effects of the current Covid-19 pandemic, outlined in section 2.6 of this report, therefore Rev H is a forecast programme and has not been accepted by SBC.

The Rev H programme indicates the critical path through the recommencement of scaffolding works, SFS installation, roofing works, roof void ductwork and commissioning producing a predicted target completion of 27th April 2021. SBC is currently in negotiations with WDC in respect of agreeing the Covid-19 Compensation Event. On 19th June 2020, WDC issued a draft Rev I of the programme indicating an earlier completion of 19th April 2021 (Target Completion to be agreed).

5 Programme

5.1 AMP Baseline Programme - prior to Covid-19

A significant amount of resequencing of Activities had been undertaken by WDC to the AMP baseline programme to accommodate the actual construction timescales required for the current priced Option E Activities; Timber Repairs to Auditorium Ceiling supports and the Fibrous Plaster works to the Auditorium. WDC had also agreed reduced activity periods with various subcontractors based on the following targets, in order to mitigate some of the delays experienced due to additional timber repairs required on site:

- Overlapping snagging, final clean and commissioning;
- Reducing specialist's timescales on site prior to M&E final fix and commissioning and reducing the M&E final fix period;
- Reducing timescales for floor finishes and seating installation;
- Working weekends and longer days on the Fibrous plaster works and overlapping this with the decoration works;
- Reduction in the scaffold removal timescale;
- Reduction in the Annex lift installation period and installing the hoist earlier;
- Stage/Fly Tower - reduction in the low-level GRP installation time and installing the ductwork in the roof void earlier;
- Revised methodology to repair the cracks and tie back the high-level parapet wall on the front elevation.

In early March 2020 WDC had concluded its negotiations with SBC in respect of the SBC refusal to accept the Option E item delays included in Revision F of the programme. WDC had also undertaken a further review of programme opportunities previously discussed, as highlighted above, and had provided Rev G of the programme, issued 20th March 2020, accommodating the additional timber repair work and WDC further review of activity timescales with the revised completion indicated as 18th December 2020 (Target date 9th November 2020).

It should be noted that WDC retained 3 weeks and 2 days terminal float on the programme together with a 2 week period of targeted overtime (cost neutral - offset against additional preliminaries costs), therefore 5 weeks and 2 days overall, and that the WDC planned/target date for completion was 9th November 2020.

5.2 Potential Programme - including Covid-19 implications

WDC has reviewed the known effects of the delay to work activities due to the Covid-19 pandemic lockdown. Since 16th March 2020, WDC has been reporting reduced numbers of personnel on site, exacerbated by Government announcements in respect of the Stay Home Policy in respect of Covid-19 lockdown on 23rd March 2020. Following this announcement by the British Government of a minimum 3 week lockdown of all

non-essential activities due to the Covid-19 pandemic, supply chain issues and delays have been experienced by the contractor.

WDC has recorded the downturn in available personnel and limited site progress during the Covid-19 period and has produced a forecast programme based on the known effects and predicted site output, with reduced numbers on site due to social distancing, until the end of the project. This forecast programme (Rev H programme dated 4th May 2020) indicates a completion date of 27th April 2021. The programme has not been accepted by SBC.

It should be noted that WDC has 5 weeks and 2 days terminal float on the programme and that the WDC planned/target date for completion is 17th March 2021. SBC is currently in negotiations with WDC in respect of agreeing the Covid-19 Compensation Event. On 19th June 2020, WDC issued a draft Rev I of the programme indicating an earlier completion of 19th April 2021 (Target Completion to be agreed).

5.3 Critical Path

DPS has undertaken a full review of the movement in activity timescales and the activities on the critical path monitored across five programmes:

- to the original contract completion date of 15th December 2020 on the programme issued 6th December 2019 (Target date in November 2020);
- to Revision F of the programme issued on 12th February 2020 with completion indicated as 12th January 2021 (not accepted by SBC);
- to Revision G of the programme issued 20th March 2020 with completion indicated as 18th December 2020 (Target date 9th November 2020);
- to Revision H of the programme issued 4th May 2020 with completion indicated as 27th April 2021 - social distancing to end of the project (not accepted by SBC);
- to Revision I of the programme, draft issued 19th June 2020 with completion indicated as 19th April 2021 (Programme and target date to be agreed).

5.4 ATG Fit Out Dates

The following table compares programme activities being undertaken on site during the ATG fit out period, indicated as 08th September 2020 to 03rd November 2020 on Rev G of the WDC Programme dated 20th March 2020 (Prior to Covid-19) and 12th January 2021 to 8th March 2021 on Rev I of the WDC Programme issued on 19th June 2020 with social distancing continuing on site until the end of the project (with predicted Covid-19 delay):

ATG Installation Dates Prior to Covid-19	08/09/2020	03/11/2020
Ongoing Activities Rev G Programme dated 20/03/2020 indicating completion on 18/12/2020	Start Date	Finish Date
153 Install kitchen	26/08/2020	16/09/2020
153 Complete radiators after decoration	04/09/2020	10/09/2020
153 Hang doors	09/09/2020	15/09/2020
153 FF & E fixed equipment	09/09/2020	15/09/2020
153 Snagging and inspection	17/09/2020	23/09/2020
Clean/snag Annex	19/08/2020	09/09/2020
Stage specialist cable terminations	29/07/2020	10/09/2020
Centre Stage Testing/Commissioning/Training	26/08/2020	21/10/2020
Stalls/Circle seating installation	17/09/2020	07/10/2020
DB Speaker installation	08/10/2020	14/10/2020
Stalls floor finishes cleaning/snagging	28/08/2020	11/11/2020
Cleaning	10/09/2020	08/10/2020
Install Gates	17/09/2020	24/09/2020
Commissioning	17/09/2020	11/11/2020
ATG Installation Dates - Current Prediction with Covid-19 delay	12/01/2021	08/03/2021
Ongoing Activities Rev I Programme dated 19/06/2020 with Social distancing to end of project indicating completion on 19/04/2021	Start Date	Finish Date
Centre Stage Commissioning/Training	06/01/2021	15/01/2021
Cleaning	07/12/2020	27/01/2021
Commissioning	25/01/2021	19/03/2021

5.5 Early Covid-19 Programme disruption

WDC advised on 20th March 2020 that works on site were on programme, based on Revision G of the programme issued 20th March 2020, with completion indicated as 18th December 2020 (Target date 9th November 2020). SBC and DPS check of site works at this date confirmed that the WDC was on target in terms of the critical path work to the timber repairs and to the Fibrous Plaster works.

WDC had advised SBC that site labour had been circa 20% down at the Globe project since the 16th March 2020 compared to previous weeks and that WDC was working with the supply chain to fully understand the reasons for this. At the time WDC advised that 10% was Covid-19 self-isolation and the other 10% as a direct result of Covid-19 disruption to the supply chain. WDC had fully expected numbers to drop again in the coming weeks as more personnel self-isolated and due to childcare cover, with schools closing from 20th March 2020.

WDC advised SBC on 20th March 2020 that the Fibrous Plaster squad (critical path activity) due to commence work on site week commencing 23rd March 2020 was in self-isolation. WDC's sub-contractor JPS tried to provide alternative installers, however, this situation was soon to be exacerbated by Government announcements in respect of the Stay Home Policy in respect of Covid-19 lockdown. From 23rd March 2020, following the announcement by the British Government of a minimum 3 week lockdown of all non-essential activities due to the Covid-19 pandemic, supply chain issues and delays have been experienced by the contractor. To seek to mitigate this, re-sequencing of any activities which can be undertaken by a reduced and available workforce has been undertaken together with (where possible), alternative working methods introduced to enable safe working in accordance with the Construction Leadership Council's 'Safe Operating Procedures' guidelines. WDC has continued to progress works on site where possible, however, without any scaffolders from 19th March 2020 to 27th April 2020, other trades since 23rd March 2020 and delayed supply of Gantry Steel, SFS and other essential materials, work faces have been limited.

A forecast programme was produced, based on the known Covid-19 effects at that time and predicted site output, with reduced numbers on site due to social distancing, until the end of the project, (Rev H programme dated 4th May 2020 indicating completion as 27th April 2021); this was not accepted by SBC.

5.6 Estimating the Potential impact of Covid-19 delays to programme

WDC produced Rev H forecast programme based on the known Covid-19 effects and predicted site output, with reduced numbers on site due to continued social distancing, until the end of the project. The anticipated delay period is advised as 16.5 weeks with 2 weeks Christmas holiday period, therefore overall 18.5 weeks.

DPS has undertaken a review of WDC histograms of site personnel (resource) based on the accepted Rev G Programme (completion 18th December 2020) and the proposed forecast programme Rev H (completion indicated as 27th April 2021).

- Rev G - Intense site works period indicated between April 2020 to mid-July 2020 (3.5 months) with an average of 105 site-based personnel. Rev G programme critical path is 51 weeks (2 weeks holiday shutdown omitted) (timber repairs commencing 11th December 2019 with completion on 18th December 2020)

- Rev H - Intense site works period indicated between mid-June 2020 to November 2020 (4.5 months - Rev G extended by 1 month due to reduced personnel on site) with an average of 70 site-based personnel to comply with site rules on social distancing.

This equates to a c33% reduction in resource at the critical part of the project which represents a predicted delay to the 51 week critical path Rev G programme of c17 weeks.

The Rev H forecast programme is by no means fixed as sub-contractors are returning to work on an ad hoc basis; WDC advised on 24th April 2020 that the scaffolding company provided 6 scaffolders from 27th April 2020, the first scaffolders on site since 19th March 2020. This is a 5 week period without scaffolders, however, the predicted time period on the update programme is a 6 week period without scaffolders and a further 4 weeks of delay due to reduced scaffolder numbers on site. It is proposed that WDC report these changes to the predicted overall completion date (27th April 2021) on a weekly basis, as the supply chain returns to work and building material suppliers deliveries return to normal. This will give DPS and SBC the opportunity to track the changes to the predicted forecast programme (potentially draft programme Rev I, issued 19th June 2020, following CE discussions) as the situation changes, with any betterment achieved bringing forward the completion date and any programme risks apportioned to the relevant risk holder.

6 Covid-19 Compensation Event

6.1 SBC Compensation Event proposal

Following a legal review undertaken by Ward Hadaway on behalf of DPS and SBC, the proposed text in respect of the Compensation Event covering the implications of Covid-19 outlines the way forward with WDC, subject to SBC's Cabinet agreeing to additional funds to complete the project:

- With regards to dealing with the situation arising from Covid-19, SBC would acknowledge that there has been a Change in Law for the purposes of Clause Option X2, requiring that a Compensation Event be instructed which would confirm WDC remain responsible for determining how the site is managed safely.

However rather than Change of Law, a change to a specific Key Date (ATG fit out access date, moving from 8th September 2020 to 14th January 2021) would qualify as a CE under clause 60.1(4). Under the CE mechanisms, SBC would then invite WDC to set out the changes to the costs which would allow WDC to operate the site safely and according to relevant social distancing rules and any other relevant health and safety bio-security measures, through to completion at an extended date.

The following could be incorporated in the agreed CE:

- CE is to be issued by SBC covering WDC costs in line with AMP prelim rates, based on SBC's instruction to change the ATG access date.
- Agreement of a revised programme (Rev I), with completion date of 19th April 2021, with a new Target date to be agreed, however, any betterment on programme is to be in favour of SBC.

- Acceptance by WDC of all outstanding challenges to current CEs, therefore, the PMs assessment value is to stand.

7 Conclusion

Prior to the spread of Covid-19, the Globe project was on track to be complete by the Target date of 9th November 2020 with a formal contracted practical completion date of the 18th December 2020.

Unfortunately, the Globe's construction contractor, WDC, has suffered significant impacts to their resources, supply chain and materials, exacerbated by the restricted working areas, and a reliance upon a number of specialised trades and material suppliers. As such the project is running in delay, with a completion date initially estimated as 27th April 2021.

SBC has sought advice from Driver Project Services (DPS) supported by legal opinion from Ward Hadaway solicitors, to better understand its liabilities and the options that might be available to help mitigate the programme slippage and reduce the financial burden on SBC.

Following extensive negotiations between SBC and WDC and subject to SBC's Cabinet decision to provide the necessary resources, agreement with WDC would see improvements on the final programme and a reduction in WDC's forecast costs resulting from Covid-19 restrictions as follows:

- A Compensation Event, changing the access date for ATG, would be issued covering WDC costs in line with the preliminaries rates in the AMP, a reduced rate from actual costs.
- A revised programme, Rev I, reflecting an early planned completion date of 19th April 2021. Willmott Dixon to agree that should they achieve an earlier completion date, then the time related saving will be offered to SBC, working back from the agreed end date of 19th April 2021.
- Further target dates for completion, improving on the date of 19th April 2021, are to be reviewed as works progress and agreed monthly.
- The access date for the ATG fit out activity to commence 12th January 2021.

The overall financial impact of Covid-19 related costs is anticipated to be approximately £1,189,511.18 excluding VAT.