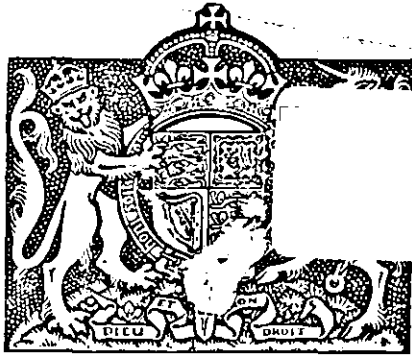


Documents relating to festival
gardens Ltd.

Presented by the Lord Privy Seal
to Parliament by command of
His Majesty. June 1951.



DOCUMENTS RELATING TO FESTIVAL GARDENS LIMITED

*Presented by the Lord Privy Seal to Parliament
by Command of His Majesty
June 1951*

LONDON
HIS MAJESTY'S STATIONERY OFFICE

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NOTE BY THE LORD PRIVY SEAL

On the 19th April, 1951 (Hansard, Cols. 2021–2022) I informed the House of Commons that the Board of Festival Gardens Limited had communicated to me an Interim Report on the investigation by Messrs. Moores, Carson and Watson, Chartered Accountants, into the circumstances which caused their financial commitments to be greatly in excess of the amount estimated last year. I added that a further investigation to cover operations on the site was being initiated by the Board and that I had also invited their comments on the Interim Report.

I am now able to make available to Parliament a summary by Messrs. Moores, Carson and Watson of the Interim Report then referred to, together with the comments upon it of the Board of Festival Gardens Limited and a First Report by Messrs. Peat, Marwick, Mitchell and Co. on the operations on the site, together with the comments of the Board on this document.

R. R. STOKES.

12th June 1951.

APPENDIX I

Correspondence regarding the Change in the Terms of the Contract

From: Messrs. Dowsett Engineering Construction Ltd., 7 Hobart Place, S.W.1.

To: Messrs. Harrison & Seel.

22nd March 1951.

Dear Sirs,

Festival Gardens

We are pleased to confirm our discussion with you and Mr. Seel at your offices this morning when Mr. Smith and Mr. Lloyd of Messrs. Ball & Partners were also present.

We understand that it is now firmly agreed that the contract for the above work has been changed from the original schedule basis to one on which we shall receive the nett cost to us for carrying out the work plus an agreed fixed fee for overheads and profit. It is, of course, already known to you that we have had previous discussions with Messrs. Ball & Partners on the amount of this fee and although we felt completely justified in asking for a larger sum than that now recommended by you and the Surveyors we are willing to accept the figure of £57,500 on the following specific understanding.

1. All costs of whatsoever nature incurred by us in the carrying out of this work and including monies paid out to sub-contractors, suppliers, etc. are to be reimbursed to us in full at such an amount as shall be jointly agreed with and certified by the Quantity Surveyors. These costs will, of course, include all wages, salaries and expenses of all staff directly employed on the Festival contract as distinct from our general overhead costs towards which a contribution is included in the total fee.

2. It is understood that the contract on this amended basis shall be taken as having been completed when all work for which we have received instructions prior to the opening date shall have been completed and that any work to be carried out for which orders are received on or after the opening date shall be dealt with under a separate arrangement. This will also include any work of a maintenance nature which we may be called upon to perform and which will be the subject of a separate letter.

3. Retention. We confirm that we have intimated to you that we are agreeable to a maximum retention of £40,000 under the terms and conditions of the original contract and that for this purpose the date of practical completion, on which half of the total retention will be released to us, shall be taken as the opening date of Festival Gardens.

With these points agreed we shall be pleased to receive from the Board of Festival Gardens Ltd. a formal letter confirming these matters at the earliest possible opportunity. As we explained to you our position has been somewhat invidious up to now in not having had written confirmation on these matters even though clearly understood between us by verbal agreement as applying for some months past with the exception of the amount of the fee; in this last connection we confirm our statement at the meeting this morning that the fee to which we have now agreed does not, by any means, fully cover our general overheads which are properly attributable to this contract and, therefore, the profit margin in the total sum is much less than the normal profit which we should properly have expected to receive after completing the much lesser value of work in the original schedule.

Yours faithfully,

(Signed) H. L. Dowsett.

From: The Managing Director, Festival Gardens Ltd., 5 Sidney Place, New Coventry Street, London, W.1.

To: Messrs. Harrison & Seel, 34 Holland Park Road, London, W.14.

March 23rd 1951.

Dear Sirs,

My Board considered at its Meeting yesterday the Contractors' position with regard to the construction work at the Festival Pleasure Gardens in Battersea Park.

On the advice of its professional advisers, the Board accepts the fact that the amount to be paid to the main Contractors, Messrs. Dowsett Engineering Construction Limited, will be the total cost approved and certified as necessary by yourselves on the valuation made by Messrs. Ball & Partners, the Quantity Surveyors, with the addition of a fixed sum of £57,500 (Fifty-seven Thousand Five Hundred Pounds) to cover all overheads and profit until completion and you are now authorised to issue certificates on this basis.

The amount of retention was also considered and the Board decided that this could be limited to the fixed sum of £40,000 (Forty Thousand Pounds).

A further subject was considered by the Board arising out of the letter received from Messrs. Ball & Partners dated the 13th instant in which they embodied representations from the Contractors to the effect that no claim should be made by this Company against them. We assume that the Contractors had in mind any claims arising out of the total approved sum to be paid to them and we consider that this point is fully covered by the authority given to you in the second paragraph of this letter.

I am also instructed to point out that this alteration in the terms of the Contract is confined to the question of cost and is not intended to confer any further authority to yourselves than that given in previous instructions or under the original Contract documents.

I would be glad if you would now communicate the Board's decision as expressed in this letter to the Contractors and send me a copy of your letter.

In view of the discussion which took place at this office on the 21st instant when the Quantity Surveyors, Messrs. Ball & Partners, were represented I think you will agree that it is desirable that that firm should have a copy of this letter to you. I am, therefore, enclosing a copy which I should be glad if you would send to them.

Yours faithfully,

(Signed) Leonard Crainford,

Managing Director.

ES / RW

From: Messrs. Harrison & Seel, 34 Holland Park Road, London, W.14.

To: Messrs. Dowsett Engineering Construction Ltd., 7 Hobart Place, Grosvenor Gardens, S.W.1.

For the attention of H. L. Dowsett Esq. Managing Director.

27th March 1951.

Dear Sirs,

Festival Gardens, Battersea

Further to our meeting with you on Thursday last and your letter of the same date confirming the terms of discussion, we are now authorised by the Board of Festival Gardens, in a letter to us of March 23rd, to inform you of the following decisions which they have made. These constitute a variation of the Contract in so far as the total sums to be paid under the Contract and the method of computing the proper cost are concerned.

The Board accepts the fact that the amount to be paid to you as the General Contractor will be the total cost approved and certified as necessary by ourselves on the valuation made by Messrs. Ball & Partners, the Quantity Surveyors, with the addition of a fixed sum of £57,500 (fifty seven thousand five hundred pounds) to cover all overheads and profit until completion of the Contract. The total cost referred to will, of course, be the nett cost to you exclusive of your general overhead costs, as approved by the Quantity Surveyors and as described in your letter of March 22nd 1951. We understand from your letter of March 22nd that you will regard the above fixed sum as including a contribution towards these general overhead costs.

The Board have also agreed to the limitation of the Retention Sum under Clause 24 of the Contract to a fixed sum of £40,000 (forty thousand pounds). For this purpose we suggest that the date of practical completion (when under clause 24 you will be entitled to a certificate for half of the Retention Sum) shall be defined as the opening date of Festival Gardens, with this qualification—that no work which may be ordered later than two weeks before that date and no work still to be ordered which at the time of ordering obviously could not be completed by that date shall be held to effect that date as the time of practical completion.

In other respects than those of the ascertainment of the proper costs to be met as outlined above, the contract still holds good. We trust that this new authority provides the assurances which you are seeking and we shall be glad to have your confirmation of acceptance.

Yours faithfully,

(Signed) Ernest Seel,

for Harrison & Seel.

From: H. L. Dowsett, Esq., Dowsett Engineering Construction Ltd., Tallington,
Stamford, Lincs.

To: Messrs. Harrison & Seel, 34 Holland Park Road, London, W.14.

Ref: DEC/HLD/MT.

29th March 1951.

Dear Sirs,

Festival Gardens, Battersea

We thank you for your letter of the 27th March re the above which satisfactorily sets out the confirmation of the various matters discussed between us and we are, therefore, pleased to accept the arrangements described therein.

This acceptance is given on the understanding that all work for which we may receive instruction at any date later than fourteen days before the opening date shall be carried out in accordance with a separate contract or arrangement as set out in the enclosed letter, but that all work ordered prior to that date is to be carried out in accordance with the existing contract as modified by your letter of the 27th.

Yours faithfully,

DOWSETT ENGINEERING CONSTRUCTION LIMITED.

(Signed) H. L. Dowsett,
Managing Director.

APPENDIX II

List of Principal Nominated Sub-Contractors

Name of Sub-Contractor	Subject of Contract	Terms of Contract	Estimated Amount
			£
Barlow & Young ...	General Electrical Work	Based on a Schedule of Prices	76,000
Clark & Fenn Ltd. ...	General Painting Work	Based on a Schedule of Prices	36,000
Dejongs (Shand Kydd Ltd.)	Fibrous Plaster ...	Mainly at fixed prices	12,000
Drake & Gorham Ltd.	General Electrical Work	Based on a Schedule of Prices	85,000
John Edgington & Co. Ltd.	Tented Structures ...	Mainly at fixed prices	35,000
Hobart Paving Co. Ltd.	Tarmacadam Paving Booths ...	Fixed price per yard	30,000
Packaged Buildings (Robert Building Inventions Ltd.)		Fixed price per booth	12,000
Piggott Brothers & Co. Ltd.	Marquees ...	Supply at fixed price per Marquee Erection on Time Basis	25,000
Security Scaffolds Ltd.	Steel Framework ...	Mainly at fixed prices	20,000
Strand Electric & Engineering Co. Ltd.	Lighting Equipment	Mainly at fixed prices	13,000
The Willard Engineering Co.	Steelwork ...	Mainly at fixed prices	36,000
William Wood ...	Horticultural Work	Based on a Schedule of Prices	32,000
			£412,000

APPENDIX III

Summary of Expenditure up to 30th April, 1951 (as shown by the Contractor's Books and Records)

(a) ANALYSIS OF EXPENDITURE

MAIN CONTRACTOR	£
Materials: Timber	40,988
Cement	13,047
Hardcore and Ashes	10,835
Bricks	8,548
Ballast	7,230
Sand	6,935
Pre-cast Concrete	6,243
Drainage Goods	6,214
Sanitary Fittings	4,486
Re-inforcement	2,504
Sundries	21,095
	128,125
Wages	387,805
Salaries	26,337
Plant Hire and Maintenance	30,265
Haulage	22,984
Contractor's Equipment and Protective Clothing	22,193
Consumable Stores and Tools	3,292
Fuel and Oil	2,891
Coal and Coke, Electricity and Gas	1,904
Rent, Rates and Insurance	6,253
Travelling Expenses	2,208
Canteen	1,385
Stationery, Postages and Telephone	1,603
Sundry Expenses	1,493
 NOMINATED SUPPLIERS	 67,575
 BUILDER'S SUB-CONTRACTORS	 163,207
 NOMINATED SUB-CONTRACTORS (paid to date)	 869,520
 EXPENDITURE UP TO 30TH APRIL 1951	 317,547
	£1,187,067

(b) EXPENDITURE MONTH BY MONTH

	Monthly Total	Cumulative Total
	£	£
1950		
April	2,117	2,117
May	8,045	10,162
June	9,968	20,130
July	8,882	29,012
August	25,020	54,032
September	35,515	89,547
October	35,903	125,450
November	54,511	179,961
December	88,376	268,337
1951		
January	135,209	403,546
February (including certain January expenditure)	249,401	652,947
March	223,294	876,241
April	310,826	1,187,067
	£1,187,067	

**COMMENTS BY THE BOARD OF DIRECTORS ON THE REPORT BY
MESSRS. PEAT, MARWICK, MITCHELL AND CO.**

1. Apart from the section dealing with the Contractor's costs, on which we have no observations to offer, the report by Messrs. Peat, Marwick, Mitchell and Co. covers largely the same ground as that of Mr. Butler, and to this extent we have nothing to add to the statement we have already made in connection with Mr. Butler's report, except in regard to one or two specific points which are dealt with in the following paragraphs.

(a) Preparation of the original Bill of Quantities (paragraph 6 of the report)

2. The report comments that the circumstances in which the tenders were sought were abnormal in that the Architects and the Quantity Surveyors had to produce within three weeks of their appointment, a sketch plan and a Bill of Quantities based on it which could only be described as intelligent guesswork regarding the quantity of work to be performed. So far as we are aware, however, there is nothing to support the view that three weeks was regarded by the Quantity Surveyors as unreasonably short a time for the preparation of the Bill of Quantities.

3. The report goes on to state that the Quantity Surveyors were instructed that the volume of work to be included in the Bill of Quantities should, when evaluated together with a sum of £361,487 for nominated sub-contractors, be between £500,000 and £550,000 but that it was contemplated even at this stage that the constructional costs would ultimately amount to about £800,000. At this stage, however, such an eventuality was certainly not contemplated by the Board, who assumed as they were entitled to do, first, that the Bill of Quantities was based on a reasonably accurate assessment of the amount of site and constructional work to be performed and, secondly, (as pointed out in paragraph 11 of our statement on Mr. Butler's report) that the tender of the Dowsett Engineering Company for the sum of £524,370 to cover site and construction work was based upon a full understanding of the quantities.

(b) Control over extensions of the work (paragraph 24(b) of the report)

4. The report states that "the authority for extensions and alterations in the work to be carried out was retained by the Company and was exercised through the Advisory Panel of Designers headed by the Chief Designer, Mr. James Gardner". In connection with the second part of this sentence, we must point out that the duties of directing the preparation of designs and of commissioning, accepting or rejecting designs were entrusted by the Board to the Presentation Committee, set up in January, 1950, and consisting of Mr. Gerald Barry (chairman), Mr. Cecil Cooke, and Mr. Gardner. This Committee had no authority to, and did not, commit the Board on expenditure.

(c) Dates of occupation of the various parts of the site (paragraph 12(d) of the report)

5. The report refers to the fact that the whole of the site was not made available to the Contractor at the commencement of the work. We have already expressed the view (in paragraph 2 of our comments on Mr. Butler's report) that given the delay in approving the general lay-out and location of the buildings, it was not practicable to proceed with the fundamental work of laying mains, services, etc., so the fact that the site became available to the Contractor in sections should not, of itself, have resulted in any material hold-up in operations.

6. We accepted the position from the beginning that, as work on the site could not begin at all points at once, the take-over should be phased so as not to interfere with public use of the site before it was really necessary, and this was known to the Contractor. In the event, sites totalling 21 acres were handed over on 1st April, 1950 (not 9 acres, as stated in both reports), followed by a further 3 acres at the end of May; a further 5 acres were taken over on 1st August; and the remaining (river front) area, of 8 acres, was enclosed on 1st October, 1950.

7. The London County Council co-operated most readily in making areas available when required, and had the case been made to our satisfaction for further advancing the handing-over dates, we have no doubt that the approaches we would have made to the Council would have been most sympathetically received. The case was not so made, and we still consider that this factor should not have had any material effect on the progress of operations.