



REPORT of INTERIM DIRECTOR OF RESOURCES

**to
FINANCE AND CORPORATE SERVICES COMMITTEE
7 MARCH 2017**

PROJECT 180 - ST. CEDDS HOUSE DEMOLITION AND FORMATION OF CAR PARK FINAL ACCOUNT

1. PURPOSE OF THE REPORT

- 1.1 To present to the Committee the final cost statement for Project 180 and to seek approval for a supplementary estimate for the final payment to the contractor.

2. RECOMMENDATIONS

- (i) that Members note the final account for the demolition and formation of the carpark contract (**APPENDIX B**);
- (ii) that the Committee approves a supplementary estimate of £11,046 for the final payment to the Contractor.

3. SUMMARY OF KEY ISSUES

- 3.1 Members are fully aware that the completion of the project was significantly delayed, the reasons which are wholly attributable to the contractor.
- 3.2 On 15 December 2016 Council considered and approved a report of the Interim Director of Resources which is attached at **APPENDIX A** together with the Minute. The purpose of the report was to ensure that the Council had an approved capital budget for the amount of the contracted sum for the demolition of St. Cedds House and the formation of the car park.
- 3.3 The Committee on 31 January 2017 considered a report of the Interim Director of Resources in respect of Council Minute 835(iii). The Interim Director of Resources had informed the Committee that Officers were in negotiations with the contractor to agree the final sum for the contract to demolish St.Cedds House and the formation of the car park and once completed a further report would be brought to the Committee (Minute No. 941 refers.)
- 3.4 The car park was completed and handed over to the Council on 19 December 2016. The negotiations pertaining to the final account have been concluded and it has been ascertained that a further supplementary estimate is required in order to settle the final contract sum for the contract. The reason for the need for a supplementary estimate is that additional works were required which could not be fully identified before the

demolition of St.Cedds House. This was due to the poor ground condition beneath the building which could not be verified prior to its demolition, necessitating the removal of unsuitable sub-base material and importation of crushed stone and concrete.

- 3.5 A statement of final account is shown in **APPENDIX B** together with the budgetary approvals and expenditure to date in this financial year. The balance of the budget available is £3,985. The amount required as a supplementary estimate net of the balance available is £11,046 giving a total budget of £15,031.
- 3.6 It should be noted that negotiations with the Contractor on the final account resulted in a reduction of £3,896.82 giving the final sum of £157,811.36 (**APPENDIX B**). The negotiations were conducted at a meeting with the Contractor on the basis of a line by line discussion, challenge and consideration of all the additional items and variations claimed by the Contractor.
- 3.7 Delegated authority exists for the approval of the supplementary estimate under Financial Procedure Rule - Appendix F 1.3 (c)(i) to the Interim Director of Resources and Chief Executive in consultation with the Chairman of the Finance & Corporate Services Committee and the Leader and reported to the next Finance & Corporate Services Committee. However, it is considered that in view of the previous discussions by the Committee on this project that this report is brought to the Committee for decision. It is important to note that the matter of the adequacy of the contingency sum of £10,000 in this contract in the context of not knowing the ground condition beneath St.Cedds House was reflected on at the Committee meeting on 31 January 2017.

4. CONCLUSION

- 4.1 This report identifies the cost of the additional works and therefore the amount of supplementary estimate (£11,046) that is now required to meet the contractual obligation of the Council for the demolition of St.Cedds House and formation of the car park contract.
- 4.2 The report sets out the financial background to the contract and the results of the negotiations undertaken by the Officers resulting in an agreed final contract sum of £157,811.36.

5. IMPACT ON CORPORATE GOALS

- 5.1 The wider project has delivered the Council's high level outcomes of:
- (i) supporting the voluntary sector to help strengthen communities by providing accommodation within the Council Offices to a number of voluntary sector organisations;
 - (ii) an efficient and resourceful organisation providing value for money through working in partnership with the voluntary sector in creating a public and voluntary sector hub;
 - (iii) effective and convenient access to public services (and voluntary sector services.)

6. IMPLICATIONS

- (i) **Impact on Customers** – Effective and convenient access to public services and voluntary sector services.
- (ii) **Impact on Equalities** – None arising directly from this report.
- (iii) **Impact on Risk** – Contractual risk of default by the council if the final payment is not made or is delayed beyond the terms and conditions of the contract.
- (iv) **Impact on Resources (financial)** – The supplementary estimate of £11,046 will be financed from the usable capital receipts reserve. The financing of the contingency sum of £10,000 has already been discussed and explained in report at **APPENDIX A**.
- (v) **Impact on Resources (human)** – None arising directly from this report.
- (vi) **Impact on the Environment** – None arising directly from this report.

Background Papers: None.

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