



## **Contract and Financial Procedure Matters Report - Addendum**

### **SUMMARY**

- 1.1 This report deals with the following item that requires reporting to and approval by Council Cabinet under contract and financial procedure rules:
- Contract waiver for refurbishment of Derwent Youth Centre
- 1.2 Subject to any issues raised at the meeting, I support the following recommendations.

### **RECOMMENDATIONS**

- 2.1 To approve a waiver under Contract Procedure Rule CPR 6 to waive the tendering requirements in CPR 15 and award the contracts to Focus Interiors for £185,966 and to O'Leary Construction Limited for £43,894 within the scheme to refurbish Derwent Youth Centre.
- 2.2 To agree that the £100,000 financial risk of slippage not being funded by New Deal for Communities should be covered from the Schools Modernisation and Youth Capital allocations.



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### **SUPPORTING INFORMATION**

#### **1. Derwent Youth Centre refurbishment**

- 1.1 Cabinet approval was given on 27<sup>th</sup> November 2007 to the refurbishment and extension of Derwent Youth Centre, at an estimated cost of £563,000. The majority of the scheme is funded from Derwent New Deal for Communities (NDC). This element of funding, £415,000, is time limited and needs to be spent by the end of March 2008. In order to maximise the time available to undertake the work on site, the project is being delivered through a partnership agreement with Environmental Services.
- 1.2 A guaranteed maximum price has been agreed between Environmental Services and quantity surveyors from Property Services. Environmental Services have been able to obtain competitive tenders for the mechanical and electrical work. However, due to the restricted timescale, it has been necessary to negotiate directly with individual sub-contractors for the main building and external works. The main requirements have been that the contractors should have a previous record of high quality work and an ability to produce that work under very tight timescales.
- 1.3 The project schedule was agreed in mid December. Timescales were agreed for staff to vacate the building by 4th January 2008, undertake a type 3 asbestos survey and subsequent removal of any identified asbestos in the first week of January, ahead of the main project. The main project was then scheduled to begin on 24<sup>th</sup> January 2008, following receipt of planning consent on 22<sup>nd</sup> January 2008. Enabling works including asbestos removal, and subsequent removal of the boiler and other services had been agreed, and took place in early January 2008.
- 1.4 Unfortunately due to the query regarding appointment of particular sub-contractors, the main project has not commenced. The building is currently closed, and not in a usable condition, following the removal of boiler and other services. There are also increasing worries about the security of the building due to inactivity.
- 1.5 It is anticipated that the costs of bringing the building back into use is estimated to be £110,000. Significant cost has already been incurred in respect of design fees, planning consent and enabling works. We estimate this cost is £100,000.
- 1.6 Following consultation with contractors and Environmental Services, we are confident we can spend £315,000 of the NDC funding in this present financial year.

This would leave a £100,000 risk, should slippage into next financial year not be allowed by NDC.

- 1.7 This risk would be managed through a £50,000 allocation from Schools Modernisation funding. The remaining £50,000 would be secured through a further bid to the Youth Opportunity Capital Programme. Should the £315,000 not be spent by 31<sup>st</sup> March there will be a planned reduction in the existing project specification linked to external ground work improvements and the purchase of equipment.
- 1.8 Council Cabinet approval is sought under CPR 6 to waive CPR 15 tendering requirements and award contracts to:
- Focus Interiors for the internal structural and refurbishment work to the value of £185,966 and
  - O'Leary Construction Limited for external paving and ramping work to the value of £43,894

It is felt that, based on previous work for the Council, these contractors meet the requirements for quality and urgency noted in paragraph 1.2, and our quantity surveyors consider the prices competitive. This will greatly assist in meeting the tight timescales for delivery of the project and expenditure deadline, linked to the financial requirements of NDC.

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Background papers:	None
List of appendices:	Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial**

1. As outlined in the report.

**Legal**

2. As outlined in the report.

**Personnel**

3. None directly arising.

**Equalities impact**

4. None directly arising.

**Corporate priorities**

5. These recommendations, where relevant, are in line with approved budgets which accord with the Council's corporate priorities.