



Derby City Council

COUNCIL CABINET
22 January 2014

ITEM 18a

Report of the Cabinet Member for Business,
Finance and Democracy

Contract and Financial Procedure Matters Report - Addendum

SUMMARY

- 1.1 Addendum to the schools capital programme.

RECOMMENDATIONS

Updated recommendations 2.3 and 2.4

- 2.3 To approve the £2.3m payment in advance of works being completed on site in line with the standard Scape Connect framework agreement to minimise interest payments.
- 2.4 To approve obtaining a Parent Company guarantee from Willmott Dixon and the £2m Advanced Payment Bond to provide additional security.

REASONS FOR RECOMMENDATION

- 3.1 To comply with the Council's Contract and Financial Procedure rules.



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Report of the Strategic Director for Resources

SUPPORTING INFORMATION

Schools Capital Programme

- 4.1 The schools capital programme includes a major school expansion projects managed via an approved Government procurement framework arrangement.
- 4.2 Since the original report the contractor has advised that there will be interest payments applicable to the payment schedule. Further negotiations have taken place to avoid interest payments in the region of £70,000 required by the contractor by increasing the advanced payment to a total of £2,300,000. This will bring the payments in line with the Scape/EMPA framework contract.
- 4.3 To further mitigate the risk to the Council, the Advanced Payment Bond will be established at a value of £2,000,000 to provide additional security. The cost of the bond has been minimised to £25,000.

This report has been approved by the following officers:

Legal officer Financial officer Property/ Estates Officer Human Resources officer Service Director(s) Other(s)	<p>Martyn Marples, Director of Finance and Procurement</p>
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For more information contact: background papers: List of appendices:	<p>Mark Nash, 01332 643364 e-mail mark.nash@derby.gov.uk None Appendix 1 – Implications</p>
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IMPLICATIONS

Financial and Value for Money

1.1 As detailed in the main body of the report and appendices.

Legal

2.1 None directly arising.

Personnel

3.1 None directly arising.

Equalities Impact

4.1 None directly arising.

Health and Safety

5.1 None directly arising.

Environmental Sustainability

6.1 None directly arising.

Property and Asset Management

7.1 As detailed in the main body of the report and appendices.

Risk Management

8.1 As detailed in the main body of the report and appendices.

Corporate objectives and priorities for change

9.1 These recommendations where relevant are in line with approved capital strategy and Asset Management Plans which accord with the Council's corporate priorities.