

Cherwell District Council

Executive

6 February 2017

<p>Notification of Urgent Action: Additional funding for Coach House Mews and Lincoln Close- Build!</p>
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Report of Commercial Director

This report is public

Purpose of report

To report the urgent action taken by the Commercial Director in consultation with the Leader which related to the approval of a new contract sum of £2,686,299 to include £78,000 for additional fees associated with the London Housing Consortium (LHC) levy to be applied to Coach House Mews, Bicester and Lincoln Close, Banbury.

1.0 Recommendation

The meeting is recommended:

- 1.1 To note the urgent action taken by the Commercial Director in consultation with the Leader of the Council, which related to the approval of a new contract sum of £2,686,299 to include £78,000 for additional fees associated with the London Housing Consortium (LHC) levy to be applied to both the Coach House Mews, Bicester and Lincoln Close, Banbury housing developments.

2.0 Introduction

- 2.1 Executive considered and approved a second phase of development for both Coach House Mews and Lincoln Close on the 18th July 2016 to be awarded to the phase one contractor, KeepMoat. The total sum approved for this second phase was £2,609,000 but this did not include the levy required by LHC as it was assumed that this would be absorbed by the contractor.
- 2.2 However, following further negotiations with KeepMoat it was clear that only some of the additional levy costs would be absorbed by the contractor. This meant that a final contract sum of £2,686m would be confirmed as the final cost. As this sum was different to that approved by Executive (original sum £2,608m) the legal department confirmed that the Head of Law and Governance was unable to sign and seal the KeepMoat contracts. The Commercial Director in consultation with the

Leader therefore approved under urgent action powers, the revised contract sum, taking account of the additional costs associated with the levy of £2,686m.

3.0 Background Information

3.1 KeepMoat Contract: Coach House Mews (Bicester) and Lincoln Close (Banbury).

This contractor was appointed to complete phase one of both schemes to shell stage to sell to self-builders to complete following first fitting stage. However the challenges presented by the flats at Coach House Mews required a revised approach due to Health and Safety concern outlined in the Executive report of the 18th July 2016. The contractor was therefore asked to provide a quotation for a second phase which would ensure completion of properties on both sites to self-finish stage.

3.2 The procurement of the second phase of the contract was managed under the LHC framework in order to reduce the delays between phase one and two as the contractor was already on site. The LHC framework charges a levy of 5% of the contract sum which is usually incorporated within the total figure. This was subject to negotiation with KeepMoat and included additional costs associated with new drainage requirements to Lincoln Close, this could not have been foreseen at the time. The total levy therefore due to LHC for phase two was gross £130,469; however, with the contractor contribution from KeepMoat the amount required to be included in the phase two contract and therefore a cost burden to CDC was £77,918, please see the table below.

Project	Original Offer	Adjusted Total	Difference
Coach House Mews	£1,591,706.00	£1,639,791.00	£48,085.00
Lincoln House	£1,016,675.00	£1,046,508.00	£29,833.00
Total	£2,608,381.00	£2,686,299.00	£77,918.00

3.3. The original report to Executive did not include this additional levy cost as indicated above in 3.2 it was assumed as is normal practice, that this levy had been applied to the original gross contract sum of £2,608m. When applying the net £77,918 cost this clearly takes the approved contract sum above the original Executive authority.

3.4 The legal officers indicated that in order for the contract documentation to be signed and sealed to enable urgent contract payments to be made to the contractor KeepMoat it would be necessary for the director of Commercial Services in consultation with the Leader of the Council to approve the new gross contract figure of £2,686m.

3.5 The increase in the total contract sum was confirmed to the Chief Financial Officer who indicated his support to the revised gross contract sum as it remained within tolerance and that the overall Build! budget projections would not be exceeded. Accordingly, the Commercial Director approved the new contract sum with the Leader of the Council's support on the 10th January 2017.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report confirms the urgent action taken by the Commercial Director in consultation with the Leader of the Council to approve the new contract sum for the schemes identified within this report totalling £2,686m.

5.0 Consultation

- 5.1 In accordance with the urgent action powers, the Commercial Director consulted with the Leader of the Council, legal officers and the Chief Finance Officer.

6.0 Alternative Options and Reasons for Rejection

- 6.1 None as this is an information report for Executive to note.

7.0 Implications

Financial and Resource Implications

- 7.1 The additional funding of £77,918 remains within the overall budget tolerance of the approved Build! programme. This amount of additional cost has been mitigated by a cost mitigation negotiation with KeepMoat.

Comments checked by:

Paul Sutton, Chief Finance Officer, 0300 0030106
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Legal Implications

- 7.2 There are no direct legal implications. The urgent action was taken in accordance with the constitution which also requires that an information report is taken to the next appropriate meeting of the Executive.

Comments checked by:

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8.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

Wards where the new properties are located.

Links to Corporate Plan and Policy Framework

The development of these sites are in accordance with the previous corporate and policy objectives as approved by Executive and forming part of the Build! initiative.

Lead Councillor

Councillor John Donaldson, Lead Member for Housing

Document Information

Appendix No	Title
None	
Background Papers	
None	
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