

Budget and Performance Panel

Storey Creative Industries Centre Construction Contract 26th February 2008

Report of Head of Economic Development & Tourism

PURPOSE OF REPORT

To provide an update on the contractual status of the Storey Creative Industries Project, as requested at the Panel's meeting on 29th January 2008

This report is public

RECOMMENDATIONS

(1) That the report be noted

1.0 Introduction

1.1 At its previous meeting, Budget & Performance Panel requested an update on the position concerning completion of the construction contract for the Storey Creative Industries Centre project.

2.0 Details

2.1 Work on the Storey Creative Industries Centre commenced on site in October 2007. Because of pressures of time to meet deadlines for external funding, it had been necessary to allow the contractors, Conlon Construction, to proceed with the works under a Letter of Intent. Members have expressed concern about the length of time it has taken to follow this up with formal execution of a detailed contract.

2.2 I am now able to report that final contract documentation has been completed and signed by the contractors, and was passed to the Council for counter signature on Friday 9th February. At the time of drafting this report (15th February) a minor amendment is being requested from the contractor in relation to an insurance issue, and the document is expected to be formally executed within a few days.

2.3 Members should note that the delays in completing the documentation have been partly due to the need to adopt a specific form of contract (NEC3 Main Option B 'Priced Contract with Bill of Quantities' with Secondary Option Clause X12 'Partnering'). This was on the advice of the Council's cost consultants and quantity surveyors, Messrs James and Hague, and required a number of bespoke, project specific, contract conditions and amendments to be agreed and incorporated in the contract documentation. The contract documentation has therefore taken longer to prepare than would otherwise have been the case and has required input from a number of Council Services before it could be completed.

2.4 All the outstanding issues were primarily technical ones (eg levels of insurance cover) and there has not been any fundamental dispute with the contractor over the content of the document. The fundamental principles of the project had been agreed and established in the letter of intent and bill of quantities, including the agreed maximum price for the works (£3,243,270 plus professional fees). The letter of intent also placed an upper limit of £250,000 on expenditure that could be claimed by the contractors.

3.0 Conclusion

3.1 Members are asked to note that the construction contract has now been signed by the contractors and is expected to have been formally executed by the Council by the date of this meeting.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Nothing arising from this report

FINANCIAL IMPLICATIONS

This is an information only report and there are no financial implications arising directly from it.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

The execution of the contract will have removed the potential risk associated with the commencement of construction works relying solely on the contractors letter of intent.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Previous report to Budget & Performance
Panel 27th November 2007

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