

DIRECTOR DECISION

Decision: Termination of Guildhall Construction Contract							
Type of Decision: Director		Key	N	Non-Key	Y		
Portfolio Area that decision relates to:							
Leader	<input type="checkbox"/>	Finance & Performance	<input checked="" type="checkbox"/>				
Eco D & Community Eng	<input type="checkbox"/>	Culture, Leisure & Tourism	<input type="checkbox"/>				
Environment	<input type="checkbox"/>	Education, Children & Y	<input type="checkbox"/>				
Transport and Planning	<input type="checkbox"/>	Adult, Social Care (in PH)	<input type="checkbox"/>				
Background :							
<p>Interserve Construction Ltd (ICL) were awarded the Contract for the refurbishment and redevelopment of the Guildhall complex in August 2017. This followed the March 2017 Executive approval and an OJEU compliant procurement process. The contract specifically included an Early Contractor Involvement (ECI) phase (2nd stage tender) prior to construction, to agree a Target Cost. The ECI phase commenced at the beginning of October 2017, and significant work was undertaken with the project team through to Dec 2017. In accordance with the contract ICL advised their tender submission would be delayed and made an initial stage 2 tender submission on 16 February 2018. Unfortunately this was significantly in excess of the current project budget and contained a number of outstanding cost items which did not provide sufficient proof that the submission evidenced value for money.</p>							
Implications: Crime & Disorder	<input type="checkbox"/>	Equalities	<input type="checkbox"/>	Other:			
Human Resources	<input type="checkbox"/>	Legal	<input checked="" type="checkbox"/>	Highways	<input type="checkbox"/>		
Financial	<input checked="" type="checkbox"/>	ITT	<input type="checkbox"/>	Property	<input checked="" type="checkbox"/>		
Decision Date: Monday, 9 April 2018							
Wards Affected:							
All Wards	<input type="checkbox"/>	Fishergate	<input type="checkbox"/>	Holgate	<input type="checkbox"/>	Rural West York	<input type="checkbox"/>
Acomb	<input type="checkbox"/>	Fulford & Heslington	<input type="checkbox"/>	Hull Road	<input type="checkbox"/>	Strensall	<input type="checkbox"/>
Bishopthorpe	<input type="checkbox"/>	Guildhall	<input checked="" type="checkbox"/>	Huntington & New Earswick	<input type="checkbox"/>	Westfield	<input type="checkbox"/>
Clifton	<input type="checkbox"/>	Haxby & Wigginton	<input type="checkbox"/>	Micklegate	<input type="checkbox"/>	Wheldrake	<input type="checkbox"/>
Copmanthorpe	<input type="checkbox"/>	Heworth	<input type="checkbox"/>	Osbalwick & Derwent	<input type="checkbox"/>		<input type="checkbox"/>
Dringhouses & Woodthorpe	<input type="checkbox"/>	Heworth Without	<input type="checkbox"/>	Rawcliffe & Clifton	<input type="checkbox"/>		<input type="checkbox"/>
Comments/Observations:							
<p>In response to the ICL stage 2 tender submission we sought to clarify ICL position in relation to the tender sum.</p>							

The ICL response suggested that further time was necessary to allow for further market testing, value engineering / scope revision, and we met with them to outline our concerns. In response they suggested that a further 5 week period was necessary to refine proposals, to reduce the target cost and provide greater cost certainty. This response was considered in detail with Legal, Procurement and Project Team members, unfortunately there was insufficient evidence that this would achieve an acceptable Target Cost position. The initial cost estimate exceeded the tolerances set out in the original tender and to proceed with this would present a risk of procurement challenge.

Decision: To terminate the ICL contract on the grounds that the parties were not in a position to agree a target cost and therefore the Council was unable to issue a notice to proceed to construction under the contract.

Decision Made by: Neil Ferris, Corporate Director of Economy and Place
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On behalf of: Neil Ferris, Corporate Director of Economy and Place

To be implemented by: David Warburton - Commercial Project Manager

On Completion – Signed off by:

Date: 9th April 2018



Neil Ferris, Director
Corporate Director of Economy and Place