

CORPORATE DIRECTOR DECISION

Decision: Enter Deed of Variation for Lowfield Green with Wates Construction

Type of Decision: Director	Key	N	Non-Key	Y
Portfolio Area that decision relates to:				
Leader (in Polcy & S&P)	<input type="checkbox"/>		Finance & Performance	<input type="checkbox"/>
Deputy Leader & Transport	<input type="checkbox"/>		Culture, Leisure & Comm	<input type="checkbox"/>
Environment & Climate C	<input type="checkbox"/>		Children & Young P & Edui	<input type="checkbox"/>
Economy & Strategic Plan	<input type="checkbox"/>		Health Adult Social Care	<input type="checkbox"/>
Housing & Safety Neigh	<input checked="" type="checkbox"/>			

Background

Lowfield Green started on site in Dec 2019 on a 24-month programme with Wates Construction Ltd to deliver 140 new homes. The site has generally progressed well and currently 88 homes are complete and occupied however the contract has been extended due to delayed work to divert a mains sewer. The diversion works were being carried out by Yorkshire Water and were subject to severe delays related to material and labour shortages caused by the Covid 19 pandemic along with poor ground conditions leading to significant changes to road construction. The contract has been extended and is now due to complete on 7th March 2023. The contract delay has also occurred at a time of unprecedented inflationary rises which has severely impacted construction material prices.

In order to secure a fixed price until completion and avoid contractual dispute, the Council needs to enter into a Deed of Variation (DoV) to formally change the original terms of the contract. The DoV will change the completion dates and agreed contract sum to reflect this delay. Entering the DoV will provide certainty for the Council as it fixes the value of the contract and completion dates meaning the risk of ongoing increases due to high levels of inflation will no longer pose a financial risk to the project.

The capital costs will increase by £3.32m from the previously approved budget which will be offset by increased sales revenue. It is anticipated that the long-term investment requirement from the Housing Revenue Account will not exceed the approved net budget of £4.5m as agreed in the original Executive approval from 12th July 2018.

All costs have been assessed by an external quantity surveyor on behalf of the Council and this assessment is included within the DoV. It has been certified that this provides good value for money for the Council and entering the Deed of Variation significantly reduces the Council's risk exposure. The Council's Legal Services team have agreed the wording of the DoV and have confirmed it provides sufficient protection to the Council.

Implications: Crime & Disorder

Human Resources

Financial

Equalities

Legal

ITT

Other:

Highways

Property

Decision Date: 22nd November 2022

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 type="checkbox"/>	Huntington & New Earswick	<input checked="" 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"/>	Osballdwick & 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:

Decision:

The decision has been taken to enter the Deed of Variation with Wates Construction to change the completion dates and contract sum of the original Lowfield Green contract in light of the delays experienced on the site since the Covid 19 pandemic. The decision has been taken following comprehensive financial and legal advice. Entering the Deed of Variation effectively extends the terms of the existing contract to the completion date of the 7th March and fixes the contract sum to prevent further inflationary increases.

Decision Made by: Neil Ferris, Corporate Director of Place

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On behalf of: Neil Ferris, Corporate Director of Place

To be implemented by: Sophie Round

On Completion – Signed off by:

Date: 22 November 2022



Neil Ferris, Director

Corporate Director of Place