

KENT COUNTY COUNCIL – URGENT RECORD OF DECISION

DECISION TAKEN BY:

Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services

DECISION NO:

20/00056

For Publication**Key decision: YES**

The decision will:

Incur Revenue and Capital spend over £1m

Capital Construction Programme – Delay costs to projects as a result of COVID-19**As Cabinet Member for Finance, Corporate and Traded Services,**

I agree to:

- a) approve up to £7.89m of additional funds to cover the cost of temporary accommodation solutions, contractor relief payments and contractual claims across the capital construction programme where already approved via key decision or covered by appropriate delegated authority.
- b) delegate authority to the Director of Infrastructure, in consultation with the Cabinet Member for Finance, Corporate and Traded Services and the Cabinet Member for Education and Skills to finalise the contractual terms and enter into any associated documentation

Reason(s) for decision:

KCC has a significant capital construction programme that has and will be, adversely impacted by COVID-19 pandemic. A review has identified over 30 capital projects, which are at risk due to contractors having stopped work or reported delays due to reduced labour and material supply issues. Under the terms of existing contractual arrangements, contractors are able to claim for additional costs. There are also additional costs to KCC, associated with the implementation of the government's Procurement Policy Note 02/20 guidance for construction contracts. Additionally, there is a risk that KCC will be unable to meet its statutory responsibility to deliver sufficient school places in 2020, 2021 and 2022 without mitigation measures being put in place.

Financial Implications:

The proposed expenditure is as a direct result of the impact that the COVID-19 pandemic has had on the delivery of the Council's construction programme and is outside of the budget allocations provided for in the capital programme and revenue budgets. The additional costs have been included on the Council's COVID-19 return to government. There is a risk that the Council may not recover all of its COVID-19 related expenditure. The position will be carefully monitored each month, and any forecast shortfall will be highlighted within the monitoring reports with the associated impact that this could have on our reserves.

Reason for Urgency:

The assessment of the impact on the capital programme has been undertaken as quickly as possible working with Schools, Stakeholders and Contractors. KCC are contractually obligated to agree the relief claims where these are provided for under the contracts and there are increasing requests from contractors for KCC to apply the Cabinet Office PPN guidance to assist with financial pressures that are being experienced by the contractors. These measures now need to be urgently applied to support the supply chain.

The most significant initial impact for KCC is the delivery of the Basic Need programme and ensuring that KCC is able to meet its statutory duties to provide school places for September 2020. In order to achieve this and secure the temporary accommodation and any temporary works, orders are required to be placed on 1 June 2020.

An urgent decision is required to increase the financial provision in the Capital Programme and the individual ROD for the capital projects to meet these timelines, following the normal FED publication and decision making process would mean that orders could not be placed until after the deadlines necessary to meet the school place provision in September 2020. In addition to prevent further contractor distress and resulting delays it is now necessary to implement the Governance guidance and meet its contractual requirements.

Member and other consultation:

The Chair of the Scrutiny Committee, in addition to agreeing that the decision could not be reasonably deferred provided the following comments:

None

The Group Spokespeople of the Scrutiny Committee providing the following comments:

None

The Chair and Group Spokespeople of the Policy & Resources Cabinet Committee provided the following comments:

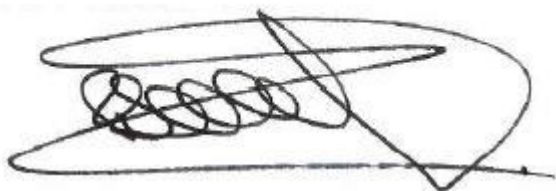
Mr Sweetland supported the decision.

Any alternatives considered and rejected:

Contractual obligations and statutory requirements to provide school places limited consideration of alternative options.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

None



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signed

1 June 2020

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date