

REPORT TO: Cabinet

DATE: 27th January 2011

SUBJECT: ROK Building Ltd (in Administration)

**WARDS
AFFECTED:** Linacre, Litherland, Derby, Dukes, Kew, Norwood

REPORT OF: Peter Moore
Environmental and Technical Services Director

**CONTACT
OFFICER:** David Kay
Client Manager
Tel: 0151 934 4527

**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

The report is to update members on the position with regards to ROK Building Ltd (In administration).

REASON WHY DECISION REQUIRED:

To enable the Environmental and Technical Services Director to act in order for the works to be recommenced and completed as soon as possible and in a manner most advantageous to the Authority.

RECOMMENDATION(S):

Cabinet is recommended to:

- (i) Note the update on the situation with regards to ROK Building Ltd (In administration) and the potential implications for the Authority.
- (ii) Authorise the Environmental and Technical Services Director and the Acting Head of Corporate Legal Services to act in accordance with any recommendations submitted on the day of the meeting.

KEY DECISION: No

FORWARD PLAN: Not Appropriate

IMPLEMENTATION DATE: Immediately following expiry of call in.

ALTERNATIVE OPTIONS:

All reasonable alternative options will be considered but only those options affording the Council the best opportunity to complete the outstanding works as quickly as possible and at no additional cost will be adopted.

IMPLICATIONS:

Budget/Policy Framework: There are currently capital provisions totalling £3,032,000 £1,895,870 and £780,260 in connection with the Southport Market, Lander Road Primary and Kew Woods Primary projects respectively.

Financial

It is not anticipated that the Authority will incur any additional costs over and above the current funding provision.

<u>CAPITAL EXPENDITURE</u>	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	N/A			
How will the service be funded post expiry?	N/A			

Legal: See below

Risk Assessment: Not appropriate

Asset Management: Not Applicable

CONSULTATION UNDERTAKEN/VIEWS

The Children’s Schools and families and the Leisure Services and Tourism Department have been consulted and any comments have been taken into account in preparing this report.

FD comment: The Interim Head of Corporate Finance & Information Services has been consulted and has no comments on this report. (FD 592)

LD Comment: The Head of Corporate Legal Services has been consulted and his comments have been incorporated into this report. (LD 00011/10)

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy		√	
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Children Schools and Families and Leisure Services and Tourism Capital Programmes

1.0 Background

- 1.1 ROK Building Ltd who had been engaged to carry out various contracts on behalf of the Authority entered administration on 8th November 2010.
- 1.2 Members will recall that a report advising of this was presented to Cabinet at its meeting on 16th December 2010.

2.0 Current Situation

- 2.1 ROK Building Ltd, working in conjunction with the appointed administrators, have indicated that they are willing and able to complete the outstanding defects on the St Peters House project.
- 2.2 This will benefit the Authority in that sub-contract warranties will not be affected and the works will be completed quickly. The existing contract remains in place and ROK Building Ltd (In administration) will simply complete the contract, as they would have originally.
- 2.3 Unfortunately ROK have confirmed that they remain unable to complete the works on any of the other three projects at Southport Market, Lander Road and Kew Woods schools. An update of progress on the most appropriate options available for completion of the work, as outlined in the Environmental and Technical Services Director's report to Cabinet on 16th December 2010, will therefore be provided on the day of the meeting.
- 2.4 In order to allow consideration of the most likely options the Authority's technical services consultant, Capita Symonds, working in conjunction with the Environmental and Technical Services Department have sought to identify the cost for completion of the outstanding works with potential alternative contractors. Details of the progress made in this regard will also be provided on the day of the meeting.
- 2.5 Following some initial difficulties a line of communication has now been established with the administrator and it is intended that any option for completion of the outstanding works should be discussed with the administrator and, if possible, their support of the proposals established before it is put before Members for approval. Again details of any discussions with the administrator will be provided on the day of the meeting.

3.0 Financial Implications

- 3.1 The Environmental and Technical Services Director remains confident that any additional costs incurred in the outstanding works being completed by an alternative contractor can be met from monies retained by the Council under the contract or through claims against the performance bonds.
- 3.2 Any further details of the likely financial implications will be provided on the day of the meeting.

4.0 Recommendation

Cabinet is recommended to:

- (i) Note the update on the situation with regards to ROK Building Ltd entering administration and the potential implications for the Authority.
- (ii) Authorise the Environmental and Technical Services Director and the Acting Head of Corporate Legal Services to act in accordance with any recommendations submitted on the day of the meeting.