

Annexe 2

Template for requesting additional funding – agreed by Council 19/3/19

Your name / team Annie Righton, Strategic Director	Date of request 19 March 2019
<u>Why</u> has the need for additional funds which cannot be met from existing budgets arisen?	
<p>The need for additional funding for the Memorial Hall capital project is explained in the accompanying report to Executive. It can be met from existing capital budgets but from another capital scheme which is why a virement is requested, not a supplementary estimate. In summary, the need has arisen from a negotiated full and final settlement with the developer. The virement is possible because the Frensham capital scheme should now receive external funding which wasn't originally anticipated. The value of the funding bid is significantly more than the budget virement requested.</p>	
<u>How much</u> money is being requested and <u>what</u> will it be spent on?	
<p>A virement of £375,000 is being requested to meet the above-budget contract element of the main contractor cost. This amount includes the cost of enhancements and agreed additional spec changes to the memorial Hall project (circa £170k), the balance being the negotiated settlement figure.</p>	
<u>When</u> will the money be spent by?	
<p>If the Executive agrees to the negotiated settlement, the required payment will be made immediately following the Executive's decision being actionable.</p>	
Value for Money Assessment	
<u>What other options</u> have been considered (including doing nothing)?	
<p>The other option, which is explained in detail in the report, is to do nothing. This will result in the adjudication process brought about by the contractor, and currently underway, completing. This could lead to the Council being required to pay the full £854,887.84 interim claim being made by the contractor within 7 days. Officers have taken legal advice on the prospects of success and this information is included in the exempt annexe.</p>	
<u>What are the expected benefits</u> will the planned expenditure bring?	
<p>The benefit of the recommended course of action ie. to agree the final account through negotiation rather an imposed position theroough an adjudication process, is:</p> <ul style="list-style-type: none">- The amount is significantly lower – approx. £500k – than the alternative- The alternative adjudication process has an uncertain outcome and is only on an interim claim basis leaving further claims for payment possible	

The proposed action achieves a full and final settlement

What are the risks, if any, of agreeing or refusing the supplementary estimate?

The risks of agreeing is potentially reputational damage for the Council for incurring an overspend on a capital project

The risks of not taking the proposed settlement action are:

- Potentially much higher costs to pay with uncertain prospect of recovering any amount of this through a counter-adjudication process

Please complete this form and send it to the Head of Finance and s.151 Officer.