

10 REPLACEMENT OF BALDRAGON ACADEMY (AN10-2015)

Reference is made to Article VIII of the minute of the meeting of the Policy and Resources Committee of 10th November, 2014 when the Committee considered Report No 353-2014 and agreed to proceed to Financial Close of the contract to replace Baldragon Academy and also approved the making of advance payments and the early commitment of expenditure up to a maximum cost of £250,000.

At this stage the projected date for achieving financial close on Baldragon Academy is likely to be around mid March which coincides with the programmed construction start date for works on site. Prior to Financial Close, the Construction Contractor (Robertson Construction Group Ltd) is not in a position to commence works without an agreement being in place with Dundee City Council.

To avoid the works being delayed, an increase in the level of advance payments and early commitment of expenditure from £250,000 to £2,500,000 will be required to cover the projected cost of additional works up to the end of April 2015. The £2,500,000 is not additional expenditure but comes within the total cost of the project and the provision included in the Capital Plan.

In terms of Dundee City Council entering into an advance works agreement, the risk profile is low since essentially the delay relates to the timing of financial close rather than a contractual issue. At this stage of the pre-contract process all financial costs have been agreed with Hubco. The standard contract and schedules to the contract are also well advanced with no outstanding contractual issues.

Accordingly, the Committee's authority is sought to entering into a Letter of Intent with Robertson Construction Group Ltd whereby Dundee City Council increase the maximum expenditure in advance of Financial Close to £2,500,000.