

CYNGOR SIR POWYS COUNTY COUNCIL

**County Council
11th July 2019**

REPORT AUTHOR: County Councillor James Evans, Portfolio Holder for Corporate Governance, Housing and Public Protection

SUBJECT: Question from County Councillor Joy Jones

With the launch of the new housing development in Newtown a few weeks ago and all the promises of lovely new flats on the site next to the bowling club, that has been left abandoned for a long time it has been extremely disappointing to hear that within weeks the contractors have gone into administration leaving an eyesore in the centre of the town.

Given that Dawnus went into administration earlier this year, will the Portfolio Holder explain what checks were carried out before appointing Jistcourt to do the work and why a bank bond guarantee was not in place before they began work onsite and what will be done to ensure more thorough checks in the future and that bank bound guarantees are in place before work begins?

Will the Portfolio Holder advise Council how much money has been lost due to this and how long the scheme will be delayed by?

Response

The procurement process for the Bowling Green site in Newtown involved an assessment of the contractors experience, and suitability. This assessment included a requirement to demonstrate Constructionline Level 2 Silver registration, which incorporates a contractors financial ability and established track record for successfully delivering contracts to the anticipated value of the contract being awarded. Constructionline are a national pre-qualification register who assess contractors to the PAS91 standard, which was developed by the British Standards Institute (BSI) and has been commissioned by Government. This is a recommended common minimum standard for construction procurement.

In addition to this, and prior to award of the contract, an assessment of Jistcourt's finances was undertaken by the Council as final due diligence.

Under the contract and Employer's Requirements a performance bond of 10% of the total contract value was required before any payments would be made to the principal contractor. Once it became apparent that Jistcourt could not provide the necessary bond, work was stopped. As a result of this no invoices were received from Jistcourt, and no payments were made. It has been confirmed by Welsh

Government that the Innovative Housing Grant awarded to this scheme is secure and not at risk.

The Council continually reviews its processes for financial and tender analysis, particularly since the collapse of Dawnus and Jistcourt. Updated financial analysis based on a Pass/Fail basis has now been used on the Salop Road PQQ, and on the affordable housing development at Heol Y Ffynnon Brecon. Due to the current situation that is affecting the entire UK construction industry, the Council will continue to monitor the situation and how it assesses the suitability of companies to bid for Council contracts.

Following a review of all available procurement options, the Council's preferred route to market is a full retender of the scheme, to include Pre-Qualification Questionnaire (PQQ) and Invitation to Tender (ITT). Due to following this route to market the expected delay to the project is approximately six months to appoint a principal contractor and a further three months mobilisation for the contractor to commence on site.