

PART II – INDIVIDUAL CABINET MEMBER’S DECISION

**LEADER
13 SEPTEMBER 2007**

**JOINT REPORT OF THE HEAD OF ENGINEERING AND HARBOUR SERVICES
AND HEAD OF REGENERATION SERVICES –
HEngH/07/47 and HRgn/07/27
on
WHITBY SHELLFISH HOLDING FACILITY**

DECISION

- (i) to enter into a contract with Yorkshire and Humber Seafood Group to accept additional funding for the project of £322,904 (to be added to existing funds of £7k);
- (ii) for inclusion of the project in the Council’s capital programme with a value of £329,904
- (iii) to grant an exemption from contract procedure rules under CPR rule 20(2)(j)
- (iv) to approve entry into the following contracts:
 - with Quibells & Son (Hull) Ltd in respect for design and build of the building in the sum of £201,762;
 - with Aqua Logistix in respect of the internal fit out, in the sum of £99,500

REASONS FOR DECISION

Following a Scrutiny Review, and a decision by Cabinet, the Council applied for Marine Fisheries Agency and Yorkshire Forward funding to deliver a Shellfish Holding Facility in Whitby. The funding bodies agreed to provide funding for the project, however, initially required that the project be delivered via the Yorkshire and Humber Seafood Group (“YHSG”) and be project managed by the Council. On 19 June 2007 Cabinet agreed to this.

Yorkshire and Humber Seafood Group (“YHSG”) have subsequently reviewed this request with the funding agencies. It has become apparent that the proposed arrangements for managing delivery of the project are not cost effective in that they will impose additional taxation costs on the project that have not been provided for. YHSG have therefore indicated their intention to fund the Council to deliver this project and obtained the support of funding bodies for this. Accordingly there is a need to enter into a funding agreement with YHSG, include the project in the Council’s capital programme and authorise entry into the necessary contracts to deliver the project. That funding agreement provides for recovery of any overspend on the project against YHSG were this to occur, and were this reasonable.

The construction contract needs to be entered into as soon as practicable to enable commencement of the project in September 2007 to meet the completion date required by funding agencies of March 2008 .

The Chair of Overview and Scrutiny Committee accepts that if authority to enter these agreements is delayed this would seriously prejudice the interests of the Council in that officers would be unable to deliver the project within the requisite timescales.

ANY RELEVANT INTERESTS DECLARED BY CABINET MEMBER AND ANY DISPENSATIONS GRANTED

None.

DATE OF DECISION: 13 September 2007

AGREEMENT OF CHAIR OF OVERVIEW AND SCRUTINY COMMITTEE: 13 September 2007

IMPLEMENTATION DATE 13 September 2007



**Councillor T W Fox
Leader**

.....
Date of signature
13 September 2007
.....



**Chair of Projects and
Partnerships Overview and
Scrutiny Committee**

.....
Date of signature
13 September 2007
.....

LEADER

REPORT OF THE HEAD OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

on

WHITBY SHELLFISH HOLDING FACILITY

DECISION

To amend the decision of the Leader of 13 September 2007 as follows:

- i. to enter into **contracts with the Marine Fisheries Agency and the Yorkshire and Humber Seafood Group** to accept funding to cover all reasonable costs of the project over and above the sum already provided by Yorkshire Forward and carried over from the feasibility study (£7,000).
- ii. for inclusion of the project in the Council's capital programme with a value of £329,904
- iii. to grant an exemption from contract procedure rules under CPR rule 20(2)(j)
- iv. to approve entry into the following contracts:
 - with Quibells & Son (Hull) Ltd in respect for design and build of the building in the sum of £201,762;
 - with Aqua Logistix in respect of the internal fit out, in the sum of £99,500

REASONS FOR DECISION

Following a Scrutiny Review and a decision by Cabinet, the Council applied for Marine Fisheries Agency (MFA) and Yorkshire Forward funding to deliver a Shellfish Holding Facility in Whitby. Yorkshire Forward, however, required that their funding be channelled through the Yorkshire and Humber Seafood Group (YHSG), so consequently YHSG took over both funding applications and the Council agreed to act as Project Manager, working for the YHSG. This arrangement was agreed by Cabinet on 19 June 2007.

A subsequent review of the arrangement by the Project Board though, identified that the YHSG would not be able to deliver the project within the funding approvals, because of additional VAT costs arising because of their VAT status, in contrast to the Council. The conclusion then reached was that the project could be delivered within budget by reverting to the original arrangement of the Council building the facility rather than just project managing on behalf of the YHSG. Yorkshire Forward are satisfied with this arrangement providing their funding is still delivered via the YHSG. The MFA funding, however, which had been offered to the YHSG, has now been offered instead, direct to the Council, since the MFA require that funding is paid directly to the organisation that is contracting for the build. It is therefore necessary for the Council to agree funding agreements with the YHSG and the MFA, rather than just with the YHSG. The decision made by the Leader on 12 September, did not allow for this late decision by the MFA and thus requires amendment.

The funding offer provided by the MFA is to pay for 50% of eligible costs up to a maximum value of £345,000, thus exceeding the anticipated project sum. The agreement with the YHSFG is to cover any reasonable costs over and above those not met by the MFA funding and funding of £7,000 remaining from Yorkshire Forward grant provided in respect of the feasibility study. The application of the carried forward funding has been agreed by Yorkshire Forward.

The construction contract needs to be entered into as soon as practicable to enable commencement of the project in September 2007 to meet the completion date required by funding agencies of March 2008.

The Chair of Overview and Scrutiny Committee accepts that if authority to enter these agreements is delayed this would seriously prejudice the interests of the Council in that officers would be unable to deliver the project within the requisite timescales.

ANY RELEVANT INTERESTS DECLARED BY CABINET MEMBER AND ANY DISPENSATIONS GRANTED

None

DATE OF DECISION: 27September 2007

AGREEMENT OF CHAIR OF OVERVIEW AND SCRUTINY COMMITTEE: 27 September 2007

IMPLEMENTATION DATE 27 September 2007

Signed



**Councillor T W Fox
Leader**

.....

Date of signature
27 September 2007

.....

Signed



**Chair of Projects and
Partnerships Overview and
Scrutiny Committee**

.....

Date of signature
27 September 2007

.....