

6.3 Policy Reports

6.4 Financial Reports

6.4.1 Contract Contingency against Building Contracts

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Recommendation(s)

That Council delegates authority to the CEO to approve contract variations for unforeseen circumstances, utilising allocated project contingency funds, subject to the approval by the Contract Superintendent as detailed in the confidential attachment for the delivery of the following contracts:

1. Contract 22-038 Construction of Brunt Road Early Learning Centre (CT000113)
2. Contract 22-057 Construction of Garfield Netball Pavilion (CT000115)
3. Contract 23-006 Construction of Garfield North Cannibal Creek Reserve Community Centre (CT000495)

That Council note this approval is to ensure the timely delivery of each of the projects and that any variation will only be accessed following a full review and assessment of the Contract Superintendent in accordance with the Contract terms and conditions.

That Council note the full expenditure against each of the projects is publicly reported in the quarterly reports to the community.

Attachments

1. Confidential memorandum ConstructionContingency Final [6.4.1.1 - 4 pages]

Executive Summary

This report seeks approval for the expenditure of contingency funds against the three highlighted contracts, aiming to remove risk to Council through contractual penalty and support progressive project delivery.

The release of contingency funds serves to promptly address latent conditions and unforeseen circumstances that may disrupt on-site progress.

Additional budget allocation is not requested through this report, the contingency funds have been factored within the allocated budget from initiation of the project.

A thorough examination of industry benchmarks and historical data confirms the recurrent influence of unforeseen circumstances on construction projects, therefore, affirming the necessity of a contingency budget.

The request to the release of the budget for contingency aligns with established contract management practices. The release of contingency funds will be detailed in future tender award reports.

Policy Implications

Purchasing Policy 2021-2025

Instrument of Delegation to the Chief Executive Officer – August 2023

Relevance to Council Plan

5.1 We practise responsible leadership

5.1.2 Manage our finances responsibly and leave a positive legacy for future generations.

5.1.4 Maximise value for our community through efficient service delivery, innovation, strategic partnerships and advocacy.

5.1.5 Champion the collective values of the community through the Councillors' governance of the shire.

Financial and Resource Implications

The table below provides a summary of the contracts previously approved by the Council, of which the release of contingency funds is requested.

Contract Number #	Contract Name	Approved Project Budget (exc GST)	Approved Contract Amount (exc GST)	Contract Award Date
Contract 22-038	Construction of Brunt Road Integrated Child and Family Centre	\$10,300,000.00	\$6,816,326.00	21 November 2022
Contract 22-057	Construction of Garfield Netball Pavilion	\$3,400,000.00	\$2,501,281.00	17 April 2023
Contract 23-006	Garfield North Community Centre	\$2,300,000.00	\$1,337,700.00	21 August 2023

The project budgets for the contracts outlined in the above table are currently below the allocated funds, including the requested contingency provisions. Therefore, this report does not request additional funding approval. Instead, it solely seeks approval to utilise budgeted contract contingency funds if unforeseen circumstances arise, necessitating additional expenses.

Conclusion

To mitigate the risk of project delays and potential breaches of contractual conditions, the release of contingency funds is imperative. This will allow Council Officers, through the Superintendent, to advance projects effectively and appropriately in accordance with contractual terms and conditions.