

HOUSING DEPARTMENT

REPORT FOR THE MINISTER FOR HOUSING

PROPOSED RE-EMPLOYMENT OF CHARLES LE QUESNE (1956) LIMITED (IN LIQUIDATION) ON THE CLOS GOSSET REFURBISHMENT CONTRACT

Purpose

Minister is asked to approve the proposed re-employment of Charles le Quesne (1956) limited (in liquidation) ("C Le Q") on the Clos Gosset Refurbishment contract.

Background

C le Q entered into an agreement to undertake the refurbishment of 84 homes at Clos Gosset on 2nd June 2011.

Subsequently on 27th July 2011 C Le Q was placed into "Just and Equitable Winding-Up" under Chapter 3 of Part 21 of the Companies (Jersey) Law 1991. As a result of the winding up order the employment of CLeQ under this contract is automatically determined however the contract remains active.

The winding up order makes provision for C Le Q to continue this contract, together with a contract for the Minister for Treasury & Resources at Grainville School. Under the terms of both contracts the States have the option to either reinstate the employment of C Le Q or employ others to complete the works.

It is the reinstatement of the employment under the same terms and conditions which offers the greatest benefit to the parties to the contract. In pursuing this option, all funds generated under the contracts will be 'ring fenced' by the Liquidator to pay disbursements due until such time as the contract is completed.

Officers of Housing, Jersey Property Holdings and the Law Officers Department have met with representatives of C Le Q and the appointed Liquidator to determine a way forward to reinstate the contractor's employment under the contract on the original terms and conditions.

Proposal

The proposal to re-employ C Le Q is contained in an Agreement attached as **Appendix A** to this report. The Agreement has been reviewed for technical accuracy by the Design team representatives and Housing Officers and is presently being reviewed by the Law Officers' Department.

The effect of the Agreement is to re-employ C Le Q on the terms and conditions contained in the existing contract, with payment being made to the liquidator and held for disbursement to employees, sub-contractors, suppliers and other parties. Only when the contract is fully discharged will funds held be released for payments by the liquidator to creditors of C Le Q.

Written confirmation has been received from all the Sub-Contractors under the Clos Gosset contract that they are willing to accept the reinstatement of their employment under the terms of their sub-contract agreement.

All of the surety under the existing contract will be maintained, including continuation of the performance bond throughout the contract and the defects liability period. C Le Q (in liquidation) has made provision for resources to be available to attend to any defects arising during the defects liability period.

C Le Q (in liquidation) has been approached to determine whether it is possible to obtain an insurance guarantee to cover the 10 year 'latent defects' period after completion of the works. It is proposed that to provide certainty of continuation on site, this issue should not be a barrier to the signing of the Agreement as it is understood this could take sometime to resolve.

Recommendations

That the Minister;

- 1. Approve the re-employment of Charles le Quesne (1956) Limited (in liquidation) on the Clos Gosset Refurbishment contract subject to the approval of the form of agreement and final wording from the Law Officers' Department;
- 2. Authorise the Director of Strategic Development to sign the agreement on his behalf.

REPORT PREPARED BY:- 22.8.11

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REPORT CHECKED BY:- 22.8.11

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REPORT APPROVED BY:- 22.8.11

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