

## ANGUS COUNCIL

## COMMUNITIES COMMITTEE – 16 AUGUST 2016

## T &amp; A KERNOGHAN LTD – IN ADMINISTRATION

**1. BACKGROUND**

A request was lodged on the 26 April 2016 by Upstream Working Capital Ltd requesting that an administrator be appointed to take over the running of T & A Kernoghan Ltd, Newtonabbey, Northern Ireland. Official confirmation of the appointment was received directly by the Council on the 23 May 2016, which contained a copy of the Notice of Administrator's Appointment. The notice confirmed that Michael Jennings and Brian Murphy of BDO Northern Ireland have been appointed as Joint Administrators of the company on the 27 April 2016.

**2. CURRENT SITUATION**

At the time of the Administration, T & A Kernoghan Ltd had only one contract currently in place with the Council:

Newmonthill, Forfar – Affordable Housing Scheme

Appointed as the lowest place contractor to carry out the construction of 18 affordable housing units at Newmonthill, Forfar. This contract commenced on the 21 January 2013 and was completed on site on the 24 October 2015. Works are currently being carried out by Council appointed contractors to rectify defects which were not completed within the original defect rectification period by T & A Kernoghan Ltd.

Following receipt of the confirmation that an Administrator had been appointed discussions were undertaken regarding the termination of the contract between Technical and Property Services and Legal and Democratic Service officers. As a practical completion had been issued and defect rectification was being carried out by other contractors employed directly by the Council it was decided that no further action be taken.

A final account is to be prepared and issued to the Administrators once the final costs of the rectification works is available. Currently there is approximately £40,039.00 (excluding VAT) of retention monies outstanding on the contract. It is anticipated that the retention monies will cover the rectification costs incurred by the Council.

**3. ACTION TAKEN**

Due to the current situation no further action was required as T & A Kernoghan were no longer on site. Outstanding items requiring rectification have already been arranged to be carried out by contractors employed directly by the Council. Once the final costs of the rectification works are available these will be contra-charged against the outstanding retention monies due to T & A Kernoghan Ltd – In Administration.

Action was taken to protect the Council's financial position by controlling payments to this contractor on the Council's Archimedes and Integra payment systems.

**4. FINANCIAL IMPLICATIONS**

At this stage approximately £40,039.00 is available for contra-charges, however it is anticipated that this will cover the cost of the rectification works. Therefore there is limited risk to the Council in relation to T & A Kernoghan Ltd being placed in Administration

**5. REPORT AUTHOR**

Contact for further details –  
Ian Cochrane, Head of Technical and Property Services  
E-mail: CommunitiesBusinessSupport@angus.gov.uk