

To: EDUCATION (RESOURCES) SUB - COMMITTEE	Subject: AIRDRIE – ST DOMINIC'S PRIMARY SCHOOL – REPLACEMENT OF BOILER PLANT
From: DIRECTOR OF HOUSING AND PROPERTY SERVICES	
Date: 14 th July 2005	Ref: WH/PB/EDMM04203

1.0 Purpose of Report

- 1.1 The purpose of this report is to inform Committee of the withdrawal of the tender submitted by Syncro Ltd subsequent to the issue of the letter of award and the measures proposed by the Director of Housing and Property Services to deal with the issue.

2.0 Background

- 2.1 A report dated 11th May 2005 was prepared for Committee, indicating that the tender submitted by Syncro Ltd being the lowest at £96,593.78 was recommended for acceptance. Under delegated powers, the letter of award was issued on 23rd May 2005 subsequent to which Syncro Ltd intimated that they had made an error in their tender of £15,697.87 and that they could not fulfil their obligations under the contract without payment of this additional sum.
- 2.2 The Director of Housing and Property Services declined to pay this additional amount since it would set a precedent, leaving the way clear for other contractors to attempt to negotiate their tenders subsequent to contract award. Therefore, Syncro Ltd were instructed to carry out the contract at the original price and after failing to proceed regularly and diligently with the works, their employment under the contract was determined in accordance with the JCT 98 Conditions of Contract.
- 2.3 Under this procedure, various rights and duties remain with the parties to the contract, including the right of the Employer to recover expenses and any direct loss and damage caused to the Employer as a result of the determination.
- 2.3 Prior to this recent incident Syncro Ltd have worked on numerous contracts for the Council since 1999 and have until recently provided good quality and value for money.

3.0 Consideration

- 3.1 The tender documents state that, prior to award, contractors must hold their tenders open for 3 months from the tender return date which would have meant tenders remaining open until 23rd July 2005. However, since the contract was awarded, tenderers may no longer be under this obligation. Heatcare Services (Scotland Ltd, who submitted the second lowest offer were approached and indicated that they were still willing to honour the tender of £109,878.78. A revised report on tenders dated 17th June was submitted to Committee and a letter of acceptance issued under delegated powers.

The revised projected costs, funded from the Education Capital Major Maintenance Programme 2005/2006 and 2006/2007 would be :-

Tender Costs	£109,898.78
Fees	£ 15,987.36
Total	<u>£125,866.14</u>

This represents an increase cost of £14,783.29 from the original project cost. The additional cost of temporary boiler plant may also be incurred as this project was originally intended to be carried out during the summer vacation.

- 3.2 It is standard practise that contractors who submitted the lowest or second lowest tender would be reselected for future tenders. Other tenderers would be reselected on a rotational basis. As Syncro Ltd have withdrawn their tender they will not be treated as a lowest tenderer and will now be considered for inclusion on future tender lists on a rotational basis. Prior to being invited to tender for future works, Syncro Ltd will also requires to give assurances that they have taken measures to ensure that withdrawal from contracts under similar circumstances will not occur again.
- 3.3 The Director of Administration has been consulted regarding these proposals.

4.0 Recommendations

- 4.1 It is recommended that Committee:-
- a) note that Syncro Ltd will now be selected to tender on a rotational basis provided that assurances have been given that they have put measures in place to prevent a reoccurrence of the above events

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- 4.1 b) Homologate the action taken to accept the offer of the second lowest tenderer, Heatcare Services (Scotland), within their original tender, and note that a further report will be brought to Committee, recommending acceptance of this tender.
- c) Give authorisation to Legal Services to pursue Syncro Ltd for the expenses and loss incurred by their determination.



Director of Housing and Property Services

NORTH LANARKSHIRE COUNCIL

REPORT

To: EDUCATION (RESOURCES) COMMITTEE)	SUB	Subject: AIRDRIE – ST. DOMINIC'S PS BOILER REPLACEMENT
From: DIRECTOR OF HOUSING & PROPERTY SERVICES		
Date: 17 June 2005	Ref: IJF/TM/EDMM04203	

1.0 INTRODUCTION

1.1 The purpose of this report is to keep Committee members informed regarding the above.

2.0 BACKGROUND

2.1 Following instructions from the Client Department, tender documents were prepared for the removal of existing boiler plant and supply and installation of new boiler plant with associated pipework equipment and automatic controls.

2.2 The funding for this work is contained within the Education Capital Major Maintenance Programme 2005/2006 and 2006/2007.

2.3 This contract was previously reported on 11 May 2005 and was accepted by the Director of Administration under delegated powers.

2.4 The lowest contractor, Syncro Ltd, upon receipt of their letter of acceptance, advised the Council of their wish to withdraw their offer and following discussions with the Administration Department, it was agreed that the Council's interests were best served by determining their contract and recommending acceptance of the second lowest contractor. The tender results are listed below.

3.0 PROPOSALS/CONSIDERATIONS

3.1 The tender documents were issued to six Contractors five of whom submitted Tenders as follows: -

<u>Contractor</u>	<u>Before Checking</u>	<u>After Checking</u>
Syncro Ltd	£ 96,594.26	£ 96,593.78 (Determined)
Heat Care Services (Scotland) Ltd	£109,878.78	£ 109,878.78
Mitie Engineering Services Ltd	£121,009.78	£ 121,009.78
E.C.G. Facilities Services	£127,525.65	Not Checked
Breval Technical Services Ltd	£135,989.61	Not Checked
Easy Heat Systems	No Offer	

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- 3.2 The lowest three offers have been checked and errors corrected in accordance with the tender documents.
- 3.3 After checking and following determination of Syncro Ltd. tender, the lowest offer was that submitted by Heat Care Services (Scotland) Ltd in the amount of £109,878.78.
- 3.4 The project costs arising are as follows: -

Tender Costs	£ 109,878.78
Fees	£ 15,987.36
Total	<u>£ 125,866.14</u>

Estimated Spend 2005/2006	£ 122,720.00
Estimated Spend 2006/2007	£ 3,146.14

4.0 COMMITTEE CONSIDERATIONS

The Committee are asked to note that this Tender Report has been prepared after due consideration and consultation with the Client Department representatives.

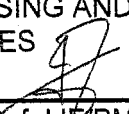
5.0 RECOMMENDATION

The Committee is asked to note that in accordance with the delegations given to the Director of Administration, this project is being progressed for acceptance, after consultation with the Convenor. Final Confirmation on the project progress will be given at the meeting.

6.0 BACKGROUND PAPERS

Held by the Director of Housing and Property Services.


Director of Housing and Property Services

To: EDUCATION (RESOURCES SUB COMMITTEE)	Subject: AIRDRIE – ST DOMINICS PRIMARY SCHOOL – REPLACEMENT OF BOILER PLANT	
From: DIRECTOR OF HOUSING AND PROPERTY SERVICES		
Date: 11 May 2005		

1.0 INTRODUCTION

1.1 The purpose of this report is to keep Committee Members informed of the above.

2.0 BACKGROUND

2.1 Following instructions from the Client Department, tender documents were prepared for the removal of existing boiler plant and supply and installation of new boiler plant with associated pipework equipment and automatic controls.

2.2 The funding for this work is contained within the Education Capital Major Maintenance Programme 2005/2006 and 2006/2007.

3.0 PROPOSALS/CONSIDERATIONS

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E.C.G. Facilities Services	£127,525.65	Not Checked
Breval Technical Services Ltd	£135,989.61	Not Checked
Easy Heat Systems	No Offer	

3.2 The lowest three offers have been checked and errors corrected in accordance with the tender documents.

3.3 After checking the lowest offer was that submitted by Syncro Ltd, in the amended amount of £96,593.78.

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3.4 The project costs arising are as follows: -

Tender Costs	£ 96,593.78
Fees	£ 14,489.07
Total	<u>£ 111,082.85</u>

Estimated Spend 2005/2006	£ 108,305.00
Estimated Spend 2006/2007	£ 2,777.85

4.0 COMMITTEE CONSIDERATIONS

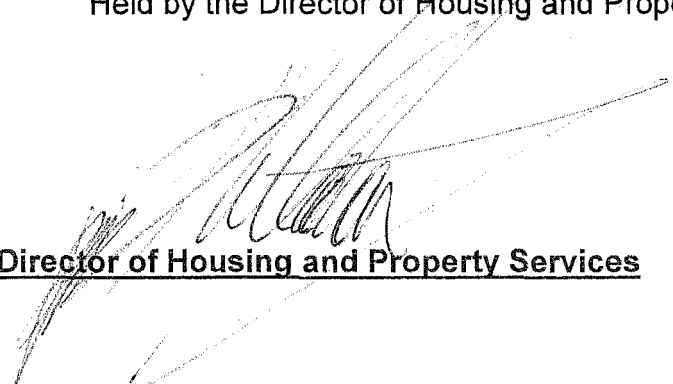
The Committee are asked to note that this Tender Report has been prepared after due consideration and consultation with the Client Department representatives.

5.0 RECOMMENDATION

The Committee is asked to note that in accordance with the delegations given to the Director of Administration, this project is being progressed for acceptance, after consultation with the Convenor. Final Confirmation on the project progress will be given at the meeting.

6.0 BACKGROUND PAPERS

Held by the Director of Housing and Property Services.



Director of Housing and Property Services