

**NORTH LANARKSHIRE COUNCIL  
REPORT**

To: PLANNING AND ENVIRONMENT COMMITTEE	Subject: BRIDGE PARAPET REPLACEMENT PROJECT  WITHDRAWAL OF TENDER
From: DIRECTOR OF PLANNING AND ENVIRONMENT	
Date: 11 May 2005	Ref: N/TM/62/09/AMcA

**1. Purpose of Report**

1.1 The purpose of this report is to inform Committee of the withdrawal of the tender submitted by McGarvey Construction Ltd subsequent to the issue of the letter of award and the measures proposed by the Director of Planning and Environment to deal with the issue.

**2. Background**

2.1 It was reported to Committee on 14 March 2005 that the tender submitted by McGarvey Construction Ltd, being the lowest at £401,469.12, was recommended for acceptance. Following Committee approval, the letter of award was issued on 23 March 2005 subsequent to which McGarvey Construction Ltd intimated that they had made an error in their tender of approximately £50,000 and that they could not fulfil their obligations under the contract without payment of this additional sum.

2.2 The Director of Planning and Environment 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, McGarvey Construction Ltd were asked to hold to their original tendered price but they felt they were not able to do so and declined the Council's letter of award.

2.3 McGarvey Construction Ltd also failed to return a priced tender for the Bridge Refurbishment 2005 - 2006 Contract issued on 6 April 2005. Prior to these recent incidents they have worked on numerous contracts for the Council since 1996 and have until recently provided good quality and value for money.

**3. 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 23 May 2005. However, since the contract was awarded, tenderers may no longer be under this obligation. The Director of Planning and Environment therefore proposes to ask PLS Construction Ltd, who submitted the second lowest tender, if they would be willing to honour their tender of £467,412.93.

The revised projected costs, funded from the Bridge Assessment and Consequential Works line of the Planning and Environment Capital Programme, would be:-

Tender Total	£	467,412.93		
Contingencies	£	47,587.07		
	£	515,000.00		
In-house Fees	£	20,000.00		
External Fees	£	47,000.00		
<b>Total</b>	£	<b>582,000.00</b>		

- 3.2 On the 1 May 2002, Committee approved 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 McGarvey 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. This is consistent with the aforementioned procedures for selection of tender lists. Prior to being invited to tender for future works, McGarvey Construction Ltd will also require 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. **Recommendations**

4.1 It is recommended that Committee:-

- a) note that McGarvey Construction 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,
- b) give authorisation to the Director of Planning and Environment to approach the second lowest tenderer, PLS Construction Ltd, to establish if they are willing to accept the award of the contract at the rates and prices submitted within their original tender and, if so, note that a further report will be brought to Committee recommending acceptance of this tender.



**David M. Porch**  
**DIRECTOR OF PLANNING AND ENVIRONMENT**  
(06/05/05)

Local Government Access to Information Act: for further information about this report, please contact Alex McAuley, Senior Engineer on 01236 616259.