

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref BL/EH

Date 20/11/2019

Measured Term Contracts: Contract Update Report, Non-Housing Properties

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Executive Summary

The purpose of this report to advise committee of the current position on a number of Measured Term Contracts (MTC's) utilised by Housing Property and Projects in relation to the council's non-housing property portfolio. The report will also advise on the current spend levels on contracts that had expired, are about to expire and where appropriate, the interim measures that are being put in place prior to these contracts being re-tendered.

Recommendations

It is recommended that the Communities and Housing Committee:

1. Note the contents of this report;
2. Note and approve the interim arrangements that are being put in place to manage these contracts;
3. Note the financial position of the various contracts, and
4. Note the proposals to retender in due course.

The Plan for North Lanarkshire

Priority Improve the health and wellbeing of our communities

Ambition statement (22) Facilitate a North Lanarkshire wide approach to asset rationalisation, including with communities and partners

1. Background

- 1.1 The council operates a number of Measured Term Contracts (MTC's) which allows for the effective delivery of a repairs and maintenance service to our non-housing/corporate buildings.
 - 1.2 The council procures various specific works associated with our non-housing property portfolio via these MTC's which is funded from the Central Repairs Account (CRA) as well as being funded from capital and individual client services revenue budgets.
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2. Report

2.1 Air Conditioning

The council has a contract with MAQ Air Conditioning, comprising a 2 year agreement which expired in August 2019. The initial value of the contract was estimated at £46,000 and expenditure on this contract is currently in the order of £71,000 which is as a result of a decision to carry out installations at a number of our ASN and other school buildings. Committee should note the overspend that has arisen in this instance.

This contract is being retendered at the present time, with new arrangements planned to be in place for December 2019. In the meantime, any emergency repairs which affect service delivery are still being issued, e.g. air-con units in server rooms etc. and this spend will be managed until new arrangements are put in place. The indicative expenditure for these repairs is estimated as being in the order of £5,000.

2.2 Electric Heating

The council has a contract with Electricaire for the service and repair of electric heating which expired in June 2019. The current spend is in the order of £129,000 against a contract value of £155,000.

This contract is being retendered at the present time and new arrangements are anticipated to be in place by 31 October 2019. In the meantime, any repairs which affect service delivery or health and safety are still being issued. This contract will not overspend and will be managed until new arrangements are in place, then anticipated continued spend will be circa £5,000.

2.3 Flat Roofing

Committee may recall that this contract was reported some time ago at which time a decision was taken to retender. The retendering process has not achieved the appropriate outcome and in order to ensure service delivery is maintained any emergency repairs required are being carried out by Mears via the main partnership agreement. Moving forward, it is proposed that this contract is included in the wider Enterprise Strategic Commercial Partnership, however in the meantime a quick quote tender is to be issued in November 2019.

2.4 Replacement/Maintenance of Windows

The council does not have a specific contract to repair and maintain the windows in our non-housing buildings. Historically these repairs have been carried out as orders via other contracts and in order to regularise the position it is proposed to issue a quick quote tender to deal with these repairs. In the meantime, it is

proposed to utilise the council's Housing contract with Walkers to effect any immediate/emergency repairs required. Spend levels for these additional works are estimated as being in the order of £10,000 and this will be monitored to ensure that an overspend does not arise. These interim arrangements will be in place until January/February 2020 until the new contract is put in place.

2.5 Floor Coverings

The current contract for floor coverings was won by Mears in a competitive tender and this agreement is due to expire in October 2019. A full procurement exercise will be carried out before the end of the financial year, until then the contract is in the process of being retendered via a quick quote. In the interim, any repairs which affect service delivery or health and safety will still be issued, the spend will be managed until the quick quote is in place and is estimated as being limited to a maximum of £25,000 through to December 2019.

3. **Equality and Diversity**

3.1 **Fairer Scotland**

No impact under the Fairer Scotland duty in relation to this report.

3.2 **Equality Impact Assessment**

No impact under the Equality legislation in relation to this report.

4. **Implications**

4.1 **Financial Impact**

Through robust procurement strategy and proactive management of contracts, MTC's of this nature will ensure that the council achieves best value for all its contracts.

The financial cost of funding the various works completed under these contracts will be met from the councils central repairs account, via the client service revenue account or from the capital programme as required. On this basis no additional funding is required. In the longer term it is considered that the various works packages described above, will if appropriate, be merged into the Enterprise Strategic Commercial Partnership.

4.2 **HR/Policy/Legislative Impact**

Any developments which relate to the council's finances, personnel, legal position, policies or issues of equality will continue to be managed via the respective process and reported to committee individually as required to ensure effective scrutiny and review.

4.3 **Environmental Impact**

There are no environmental impacts to report.

4.4 **Risk Impact**

Any risks will continue to be managed via the respective process and reported to committee individually as required to ensure effective scrutiny and review in accordance with the contract specification and in accordance with the Council's agreed approach to Contract and Supplier Management.

5. Measures of success

- 5.1 Contracts of this nature support the delivery of the council and service priorities.
 - 5.2 Appointment of contractors with suitable experience and capability to deliver the required supplies, services or works will ensure that our buildings function well.
 - 5.3 Contracts awarded by the council are compliant with GCSO's and procurement legislation.
 - 5.4 Once these contracts are retendered the council will be able to demonstrate that the tender process has delivered best value.
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