

EAST RENFREWSHIRE COUNCIL

CABINET

12 October 2023

Report by Director of Environment

NEW COUNCIL HOUSING CONTRACT VARIATION

PURPOSE OF REPORT

1. The purpose of this report is to advise of a breach in Contract Standing Orders and request that the required variation be approved by Cabinet retrospectively.

RECOMMENDATIONS

2. The Cabinet is asked to note breaches in Contract Standing Orders with regards to Contract value variations of up to £141,397 (subject to finalised legal assessment of contractual liability).

BACKGROUND

3. In November 2016, Cabinet approved in principle a programme to build up to 120 new Council homes. This was subsequently increased to 240 homes and then to 370 homes. This programme was the first Council house new build programme by East Renfrewshire Council.

4. CCG (Scotland) Ltd were approved in principle to undertake the design and build of the following 4 sites:

- Robertson Street – 13 homes, complete April 2019;
- Fenwick Drive – 10 homes, complete February 2019;
- Blackbyres Court – 22 homes, complete October 2019; and
- Balgraystone – 47 homes, complete June 2022.

REPORT

5. The construction of the final site awarded to CCG (Scotland) Ltd site at Balgraystone commenced in September 2020 and completed in June 2022.

6. The delivery of the programme was delayed by 6 months due to the following issues:

- Impact of continuing Covid restrictions and subsequent changes to the way of working;
- Additional works relating to adaptations required for wheel chair properties;
- Additional works required for the pumping station;
- UK wide industry labour and materials shortages caused by Covid and Brexit; and
- Statutory undertakings and wayleaves etc. to connect the power cables to the SPEN network.

7. The contract awarded to CCG (Scotland) Ltd for Balgraystone was for £7,472,814.62. However the final account notice from the contractor has indicated that the final contract value may be £7,614,211.68, an over spend of up to £141,397 and a breach of Contract Standing Orders, Clause 14.

8. The contract overspend amounts to 1.89% of the original contract value and can be broken down as follows:

- a. ERC additional requests £66,397 – within the 47 units, there are 6 wheel chair adapted properties. Whilst the basic specification was agreed as part of the contract, once allocated, additional works were required. For each property resident discussions took place with the HSCP Occupational Health team to ensure the properties met the applicants' individual and ongoing needs. In addition, while onsite, additional drainage and acoustic measures were required; and
- b. Loss & Expense Claim £75,000 – as noted above the development was delayed by 6 months and the contractor has requested additional costs as per the terms of the contract. The contract with CCG (Scotland) Ltd permits the contractor to submit a Loss & Expense Claim. CCG (Scotland) Ltd submitted a claim of £75k to our Employers Agent. The current claim is being assessed by Legal Services before any payment is approved. If rejected, the overspend will reduce to £66,397 which amounts to 0.89% of the original contract value

FINANCE AND EFFICIENCY

9. There are no immediate financial implications associated with the report. Budgetary provision exists should the loss and expenses claim be approved.

CONSULTATION

10. No consultation has been required for the preparation of this report.

PARTNERSHIP WORKING

11. Assistance from Legal Services has been provided in the preparation of this report.

IMPLICATIONS OF THE PROPOSALS

12. There are no climate change, equality or sustainability implications associated with this report.

CONCLUSIONS

13. The site at Balgraystone was the largest site to date and was constructed at a time when Housing Services were operating at unprecedented emergency restrictions.

14. Housing Services have put in place a number of actions to ensure that breaches of standing orders do not re-occur for future new build projects:

- Monthly Contract Managements Meetings – all spend levels are reviewed and any procurement action or activity agreed. Procurement colleagues attend this meeting; and
- Training for all relevant officers on Contract Standing Orders.

RECOMMENDATIONS

15. The Cabinet is asked to note breaches in Contract Standing Orders with regards to Contract value variations of up to £141,397 (subject to finalised legal assessment of contractual liability).

Director of Environment

Further information can be obtained from: Phil Daws, Head of Environment (Housing, Property & Climate Change) phil.daws@eastrenfrewshire.gov.uk

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