

**FALKIRK COUNCIL**

**Subject: COUNCIL HOUSING INVESTMENT PROGRAMME –  
CONTRACT MANAGEMENT**  
**Meeting: SCRUTINY COMMITTEE**  
**Date: 4 FEBRUARY 2016**  
**Author: DIRECTOR OF CORPORATE & HOUSING SERVICES &  
DIRECTOR OF DEVELOPMENT SERVICES**

**1 INTRODUCTION**

- 1.1 Following a report by the Directors of Corporate & Housing Services and Development Services, considered by this Committee in August 2015, Members requested a further report be submitted on the contract management of the Council's Housing Investment Programme (HIP).
- 1.2 This report seeks to provide Members with more information on the programme of housing contracts including details on the number of projects delivered within the anticipated budget and programme timescales.

**2 BACKGROUND**

- 2.1 The report considered by Members last year provided details of the operating arrangements in relation to the delivery of the Council's HIP, specifically:
- The context, scale and diversity of the programme
  - The various stages involved in delivering the programme, from planning through to the completion of works
  - The roles and responsibilities of the relevant Services, sections and teams involved in the delivery of the programme
  - Information on areas of continuous improvement and development
- 2.2 This report focuses on HIP contract performance and provides information to Members on the number of contracts that have been completed within the anticipated budget and programme timescales, highlighting any mitigating circumstances where contract timescales have been extended or the project budget exceeded. It will also consider any trends that may be seen in cost or programme overruns.
- 2.3 Works undertaken in the HIP are categorised under 3 main headings viz;
- 1. Housing Quality Standard Works - Development**
    - Elemental Improvements – External Fabric
    - Energy Efficiency Works – replacement heating
    - Health & Safety Works – water mains replacement etc
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  - 2. Housing Quality Standard Works – C&HS**
    - Kitchen/Bathroom Renewal
    - Electrical Upgrading & CO Detector Installation

- Estate Improvements (Landscaping Works)
- Priority Areas

### **3. Non Housing Quality Standard Works**

- New build Council housing
- Property buy backs
- Mortgage to rent
- Local Housing Strategy Initiatives
- Window Leasing Buy-back

- 2.4 This report primarily considers construction contracts and covers the first category of works and new build housing, in the third category, as detailed above. The other elements of the HIP are rolling programmes of pre-planned work, undertaken by a combination of the Council's in-house BMD; Estates Management Division and external contractors. Works involving external contractors are part of framework contracts and are projected to be in line with budgeted and tender values.
- 2.5 The value and complexity of construction related works can vary substantially within each category and, in particular, between differing types of work. More detail is given in paragraph 3.2 below.
- 2.6 Many construction contracts are at risk from adverse weather, utility company involvement (Scottish Water, Scottish Power etc) and issues with owner occupied properties forming part of the contract works.

## **3 CONTRACT BUDGET & PROGRAMME**

- 3.1 Attached to this report is Appendix 1 which illustrates, for financial year 2014-15, the total number of contracts in each works category, the value of works in each category and the total value of works for the year. Additionally, the number of contracts which were completed within the anticipated budget and programme timescale is shown.
- 3.2 As can be seen, individual contract values range from £165,000 to £5,780,262 with contract periods ranging from 8 weeks to 104 weeks. Of the 25 major contracts in the whole programme 21 were completed within budget and overall the entire HIP programme was delivered within budget.
- 3.3 Looking at contracts completed within the anticipated programme timescales is less definitive as there are a substantial number of contracts which suffered from delays due to factors outwith the client's and/or contractor's control. The vagaries of the Scottish weather and the need to have external contract works undertaken at all times of year to ensure funding is expended expediently, has resulted in a significant number of contracts not meeting initial anticipated completion dates. In such instances, the contractor is entitled to a contract period extension for time lost to adverse weather however there is no entitlement to loss and expense and therefore no additional cost to the Council.
- 3.4 Where delays are caused by statutory undertakers, such as Scottish Power, the contractor is again entitled to an extension of time, although where the contractor can demonstrate that the statutory undertaker works were delayed due to the direct action (or omission) on the part of the client or contract administrator the contractor has the right to a claim for loss and expense.

- 3.5 Similarly, where delays are caused to a contract by issues arising from owner occupied properties the contractor is entitled to both an extension of time and potentially, payment for loss and expense. Delays can occur when it is necessary to consult with owner-occupiers to secure agreement to progress works in relation to communal repairs to roofs, walls, drainage etc. Development Services work closely with C&H Services colleagues who manage this element of work to ensure problems are minimised. In order to mitigate possible delays, our internal HIP Contract Management Procedures were also updated in 2015 to provide improved guidance for staff dealing with owner-occupiers who are involved in communal works undertaken through the HIP.
- 3.6 In contracts where the estimated completion date has been exceeded for legitimate reasons, extensions of time must be granted. There have been a considerable number of projects that have been completed beyond their original estimated completion date however the vast majority of these have finished within three months of this date. All bar three of these contracts were completed within budget.
- 3.7 The Customer Care Team in Development Services advise tenants of the contract start date and the anticipated completion date and in conjunction with the Clerk of Works and Contractor's staff, deal with any customer enquiries that arise. It is the responsibility of the contractor to advise individual addresses when work to a specific property is scheduled and for any subsequent changes or delays to that date.

#### **4.0 CONCLUSION**

- 4.1 The HIP is undertaken each year by a competent client and design team and experienced and well-organised contractors however, there can be no guarantees that building contracts will complete on time and on budget due to the number of factors outwith the control of the Council. It is however, acknowledged that the circumstances that can lead to delays or additional expense can be mitigated, lessons learned and a quality service provided.

#### **5.0 RECOMMENDATIONS**

**Members are requested to:**

- 5.1 **note the contents of this report**

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**DIRECTOR OF CORPORATE  
& HOUSING SERVICES**

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**DIRECTOR OF DEVELOPMENT  
SERVICES**

Date: 26 January 2016

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#### **LIST OF BACKGROUND PAPERS**

- 1 Report to Scrutiny Committee 20<sup>th</sup> August 2015.

Housing Investment Programme 2014-15 Project Report			CONTRACT ACCEPTANCE (excl fees)	ESTIMATED FINAL ACCOUNT	Start	Anticipated Completion	Construction Completion	Houses In Contract	14/15 Spend End Year	NOTES
		Trade								
Works Categories & contract details		WORKS	TENDER	EFA	start					
ELEMENTAL (FABRIC) IMPROVEMENTS										
Carry forward from 13/14 (BMD contracts)									£1,422,479	
Carry forward from 13/14 (External contractors)									£1,895,949	
Avon Ter/Bridgend Rd/Craigbank Rd/Main St/Slamannan Rd/The Neucks, Avonbridge		RENDER/ROOF	£480,890.40	£401,800	Aug-14	Dec-14	Mar-15	48	£341,670	Utilities issues (SP overhead supplies), adverse weather
Carronhall Ave/Gairdoch Dr/Kincardine Rd/Kinnaird Ave/Quarrohall Cresc, Carronshore		EXT WALL INS/ROOF	£594,074.15	£434,000	Oct-14	Feb-15	May-15	40	£495,449	Adverse weather, rendering resource
Chapel Dr/Gerald Ter/Sutton Park Cr/Kinnaird Dr/Ochil Dr, Stenhousemuir		EXT WALL INS/ROOF	£965,573.62	£846,000	Oct-14	Apr-15	Jul-15	80	£704,069	Delayed due to rendering resource
Cal Ter/Eben Pl/Mam Dr/Merv Cresc/Merv Ter/Prin St/Quns Dr/Rosed Ter, California; Drum Cot/Irene Ter, Standburn		REND/ROOF	£873,004.77	£791,000	Feb-15	Aug-15	Sep-15	110	£311,054	Utilities issues (SP overhead supplies), adverse weather, additional properties
Alexander Av/Montgomery St, Falkirk		EXT WALL INS.	£432,512.16	£350,000	Nov-14	Mar-15	Jul-15	17	£293,273	Technical issue with new wall insulation system
Forth Av/Balfour Cr/Broomage Cr, Larbert. Elim Dr/Mavisbank Av/Maranatha Cr, Shieldhill		EXT WALL INS/ROOF	£666,761.41	£570,000	Jan-15	Jun-15	Ongoing	57	£259,188	Technical issues (Anchor House Type), utilities (SGN)
Ashley St/Claremont St/Bowling Green Pl, Bonnybridge		EXT WALL INS	£549,076.13	£450,000	Dec-14	Mar-15	Ongoing	57	£349,474	Utilities issues (SGN co-ordinating gas risers)
BLOCK TOTAL			£4,561,892.64	£3,842,800				409	£6,072,605	
ENERGY EFFICIENCY WORKS										
New gas connections related to VAR 7280		GAS MAINS		£100,000					£100,000	Infrastructure - SGN one off connections
New gas mains, Grangemouth, GRA 7244		GAS MAINS	£184,832.00	£184,832					£184,832	Infrastructure - SGN street mains installation
New gas mains, Maddiston GRA 7245		GAS MAINS	£164,802.00	£164,802					£164,802	Infrastructure - SGN street mains installation
New installations framework VAR 7280 (60 installs per week)		GAS HEATING	£5,430,628.00	£6,179,718	Oct-13			1500	£4,049,588	Framework programme
BLOCK TOTAL			£5,780,262.00	£6,629,352				1500	£4,499,222	
ESTATE IMPROVEMENTS										
Carry forward - Door Entry Systems									£51,035	
Door entry systems - Bo'ness/Dawson/Denny/Falkirk/Grangemouth/Stenhousemuir		DOOR ENTRY	£237,573.34	£220,000	Nov-14	Mar-15	Ongoing	100	£155,025	Additional properties added
BLOCK TOTAL			£237,573.34	£220,000				100	£206,060	
PRIORITY AREAS HIGH RISE										
Marshall & Leishman Towers FAL 7116		HIGH FLATS	£4,995,255.00	£4,814,688	Feb-13	Jul-14	Aug-14	174	£700,415	Underground services issue, adverse weather, H&S incident
Symon Tower		HIGH FLATS	£2,145,179.22	£2,050,000	Jan-14	Oct-14	Oct-14	88	£1,228,115	
Glenfuir & Greenbank GF Areas/Tank replacement		HIGH FLATS	£297,178.77	£320,000	Mar-15	Jul-15	ongoing		£0	On site 15/16
BLOCK TOTAL			£7,437,612.99	£7,184,688				262	£1,928,530	
HEALTH AND SAFETY WORKS										
Asbestos Water Main Renewal		WATER MAINS	£173,864.77	£120,000	Jan-13			51	£117,000	Owner Occupier delays
Carry forward - Lead Pipe Replacement		WATER MAINS		£0					£25,000	ad hoc replacement, survey dependant
BLOCK TOTAL			£173,864.77	£120,000				51	£142,000	
NEW HOUSING										
Merchiston Road, FAL 6959 Carry forward		NEW HOUSING	£3,914,675	£3,755,900	Dec-12	Apr-14	May-14	40	£187,583	Weather and utilities (BT) delayed final completion
Parkhall Drive, MAD 6958 (based on progress, not on BMD programme) Carry forward		NEW HOUSING	£4,045,359	£3,825,000	Jan-13	May-14	Jun/Jul 14	40	£549,360	Utilities (Gas/Electricity) delayed final phased completions
Windsor Road, FAL 6961 Carry forward		NEW HOUSING	£2,267,181	£2,160,000	Jun-13	Apr-14	Jun/Aug 14	24	£450,970	Weather, Utilities (Gas/Electricity), drainage delayed final phased completion
Tinto Drive, GRA 6960 Carry forward		NEW HOUSING	£5,354,559	£5,025,000	Jun-13	Nov-14	Oct/Dec 14	56	£1,923,665	Utilities issues (Electricity) delayed final phased completion
Merchiston Rd Phase 2		NEW HOUSING	£2,169,240	£2,086,000	Aug-14	Mar-15	Jun-15	27	£1,456,235	Adverse weather & utlities (Electricity) delayed final completion
Broad Street, Denny		NEW HOUSING	£874,968	£896,000	Apr-14	Apr-15	Apr-15	9	£853,093	
Fairlie Street, Camelon		NEW HOUSING	£971,948	£1,049,000	May-14	Mar-15	Jun-15	10	£850,000	Groundworks, adverse weather & utlities (Electricity) delayed final completion
BLOCK TOTAL			£19,597,930	£18,796,900				206	£6,270,906	
TOTALS			£37,789,136	£36,793,740				2528	£19,119,323	

Note : Contract  
and EFA totals  
spread over 3  
financial years