ABSTRACT: This report seeks homologation of the decision to instruct, due to the urgent and specialist nature of the works, the provision of a new electrical sub-station as part of the construction of the new Kinloch Day Care And Supported Housing.

1. RECOMMENDATIONS

The Committee is recommended to:

(i) note the contents of this report;

(ii) homologate the decision taken by the Head of Property, with the prior approval of the Convener of the Corporate Services Committee in consultation with the members of the Corporate Services Executive Sub-Committee, the Chief Executive, Director of Corporate Services and the Head of Finance, to instruct the works due to their urgency and specialist nature

2. INTRODUCTION

Supplies of electricity are provided to council non-housing buildings in accordance with contracts entered into by Scottish Procurement.

It is necessary that, as a consequence of the respective contract terms entered into by Scottish Procurement, changes to existing supply arrangements and the provision of new supplies and associated fuel costs are negotiated with the appropriate electricity supplier and works quotations are negotiated with the owner of the electrical distribution system. In the recent past the electricity supplier and distribution system owner were both Scottish & Southern Energy.

In the new contract arrangements the supplier to this site is Scottish Power and the owner of the electrical distribution system is Scottish & Southern Energy. Alterations to the electrical distribution system can only be undertaken by the owner on the basis of a quotation provided by them.

It is therefore not possible for the Property division to comply with the competitive tendering requirements of the Financial Regulations and the Head of Property shall:-

- exercise delegated authority for such contracts where they do not exceed £20,000
- seek the prior approval from the Exemption Coordinator when the value is between £20,001 and £50,000
- seek the prior approval from Committee when the value exceeds £50,000.

In this particular case the prior approval of the Corporate Services Committee was required.

3. BACKGROUND

The Council is currently undertaking the construction of the new Kinloch Day Care and Supported Housing, Carnoustie.
In the new Scottish Procurement contract arrangements the supplier to this site is Scottish Power and the owner of the electrical distribution system is Scottish & Southern Energy. Alterations to the electrical distribution system can only be undertaken by the owner on the basis of a quotation provided by them.

It has been established that the electricity supply previously feeding the Kinloch Primary School is insufficient for the power load once the construction is complete. Therefore an up-rated power supply is needed. In order to provide the up-rated power supply, following consultation with Scottish & Southern Energy, Perth, a new electrical sub-station is required. This work has to be undertaken to tie in with the main contractors programme for the works.

The new electrical sub-station can only be obtained via our contracted supplier, Scottish and Southern Energy. Consequently single quotation procurement is warranted. Based on information received at tender stage a budget figure of £74,569 has been allowed within the construction budget. The Head of Property is satisfied that this quotation represents value for money.

Unfortunately the management arrangements employed by the Property division have, on this occasion, failed to timeously identify and appropriately manage this procurement to conform to the requirements of the Financial Regulations with regard to the need to receive prior Committee approval.

Corrective action has been taken to strengthen the management arrangements and remind all relevant Property division employees of the processes to be employed.

Also discussion has taken place with the Corporate Procurement Manager and the Head of Finance regarding the requirement to procure new utilities supplies, or undertake changes to existing supplies, on the basis of single quotations from Statutory Undertakings, without competitive tendering, and for the payment of such quotations in advance of the works being undertaken.

They acknowledge that it is not possible to fulfil the requirement for open competitive procurement under these conditions and that there is no alternative to single quotation procurement. Consideration has therefore been given to an amendment to the Financial Regulations to more easily manage these cases and Report 720/11 to Angus Council 3 November 2011 approved the inclusion of a standard exemption to the Financial Regulations 16.24.16 to permit the Head of Finance to maintain a list of standing exemptions for statutory monopolies to permit the efficient procurement of utility supplies.

Such Statutory Undertakings currently comprise:-

- Electricity - Scottish & Southern Energy
- Water - Scottish Water
- Gas - Scotland Gas Networks/Southern Gas Networks
- Telephones - British Telecom

The Head of Property has consulted and received approval from the Convener of the Corporate Services Committee in consultation with the members of the Corporate Services Executive Sub-Committee, the Chief Executive Director of Corporate Services and the Head of Finance, to retrospectively approve the action taken to instruct the works due to their urgency and specialist nature and to submit a report seeking retrospective homologation by the Corporate Services Committee at its meeting of 01 December 2011 of the actions that have been taken.

4. FINANCIAL IMPLICATIONS

There are no financial implications specific to this report. Funding for the works has been specifically allowed for within the overall cost of the Kinloch Day Care and Supported Housing project.

5. HUMAN RIGHTS IMPLICATIONS

There are no Human Rights Act implications specific to this report.

Any implications, as a consequence of discharging recommendations detailed in this report, will be managed in accordance with the standing procedures and processes established by the Property Division.
6. EQUALITIES IMPLICATIONS

The issues dealt with in this report fall within an approved category that has been confirmed as exempt from an equalities perspective.

7. CONSULTATION

The Chief Executive, the Head of Law and Administration and the Head of Finance have been consulted in the preparation of this report.

8. CONCLUSION

The Committee is recommended to note the contents of this report; homologate the decision taken by the Head of Property, with the prior approval of the Convener of the Corporate Services Committee in consultation with the members of the Corporate Services Executive Sub-Committee, the Chief Executive, Director of Corporate Services and the Head of Finance, to instruct the works due to their urgency and specialist nature.

Colin McMahon
DIRECTOR OF CORPORATE SERVICES

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing the above report.

Property/JP/JP