North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref VarRepNov25/JMcG/JMcK **Date** 19/11/25

Contracts with Variations

From James McKinstry, Chief Officer (Assets and Procurement)

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Executive Summary

In accordance with the Council's Financial Regulations, this report notifies the Committee of contracts completed between 1st April 2025 and 1st October 2025, where the expenditure levels have exceeded the contract award levels by greater than 5% or £25,000.

Recommendations

It is recommended that the Finance and Resources Committee:

(1) Acknowledge the content of this report and the accompanying appendix.

The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory/Corporate/Service Requirement

1. Background

1.1 The Councils General Contract Standing Orders (the 'GCSOs') outline financial approval thresholds for contracts for goods, works and services. This report details Works (construction contracts) where funding has previously been approved in line with GCSO's.

1.2 The Councils Financial Regulation, (13.4) Significant Variations, details the threshold of variances where reporting is required.

1.3 The Chief Officer of Assets and Procurement is required to notify Committee on a periodic basis of any such contracts containing variations as identified by the criteria in 1.1 above.

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2. Report

2.1 The Councils Financial Regulations state, any variations where the outturn/expected costs exceed the tendered contract price by the higher of £25,000 or 5%, or where the outputs/outcomes achieved by the expenditure differ from those originally envisaged, shall be reported by the Executive Director or appropriate Officer to the relevant Spending Committee at the earliest opportunity.

2.2 Contracts awarded by the Chief Officer of Assets and Procurement for works undertaken in the period 1st April 2025 and 1st October 2025, containing variations are detailed in Appendix 1 below.

2.3 Due to the nature of construction contracts a flexible approach is required to manage contract deliverables and desired outcomes and typically this is achieved by the inclusion of a contingency allowance to address unknown quantities or abnormalities.

2.4 Any construction works undertaken within the Council's portfolio may encounter issues that can result in additional costs after work has commenced. Large and complex civil engineering projects can present difficult ground conditions which have to be managed, addressing these issues is expensive. Asbestos is problematic and costly to address, as is rot works, especially within the Council's ageing property estate. Working within "live" environments and restrictions of access is another contributing factor to prolongation related claims, with other expenditure being attributed to health and safety issues including addressing fire stopping issues. Additional client instructions being added to contracts following award will also increase the overall contract sum, but it should be noted that the scope of these instructions will be within the parameters of the original tender documents and rates will be a direct drawdown from those already provided or a benchmarking exercise is undertaken to demonstrate value for money.

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3. Measures of success

3.1 Contracts support the delivery of Council objectives and service priorities.

3.2 Contracts containing variances are managed by the Council and are compliant with Financial Regulations, GCSOs and procurement legislation.

3.3 The Council's Contract Register, and budgetary monitoring systems are kept updated by services and management information is comprehensive and accurate.

3.4 Best Value is both demonstrable and achieved.

4. Supporting documentation

4.1 Appendix 1 – Summary of construction contracts containing variations.

James McKinstry
Chief Officer (Assets and Procurement)

5. Impacts

5.1	**Public Sector Equality Duty and Fairer Scotland Duty** Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes ☐ No ☒ If Yes, please provide a brief summary of the impact? If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes ☐ No ☐
5.2	**Financial impact** Does the report contain any financial impacts? Yes ☒ No ☐ If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes ☒ No ☐ If Yes, please provide a brief summary of the impact? As detailed in Appendix 1.
5.3	**HR policy impact** Does the report contain any HR policy or procedure impacts? Yes ☐ No ☒ If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes ☐ No ☐ If Yes, please provide a brief summary of the impact?
5.4	**Legal impact** Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes ☐ No ☒ If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes ☐ No ☐ If Yes, please provide a brief summary of the impact?
5.5	**Data protection impact** Does the report / project / practice contain or involve the processing of personal data? Yes ☐ No ☒ If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes ☐ No ☐ If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes ☐ No ☐

5.6	**Technology / Digital impact** Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes ☐ No ☒ If Yes, please provide a brief summary of the impact? Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes ☐ No ☐
5.7	**Environmental / Carbon impact** Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes ☐ No ☒ If Yes, please provide a brief summary of the impact?
5.8	**Communications impact** Does the report contain any information that has an impact on the council's communications activities? Yes ☐ No ☒ If Yes, please provide a brief summary of the impact?
5.9	**Risk impact** Is there a risk impact? Yes ☒ No ☐ If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed? Contract management procedures may be susceptible to financial claims and legal challenge if they are not discharged in accordance with Contract Conditions, Financial Regulations, GCSO's and procurement legislation. Accumulation of contract overspends may impact on future Capital Programmes. Project risks are logged on the appropriate Risk Registers and managed by the Service.
5.10	**Armed Forces Covenant Duty** Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes ☐ No ☒ If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

5.11 Children's rights and wellbeing impact

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☐

APPENDIX 1

Summary of construction contracts containing variations:

Project Title	Estimated / Final Out-turn	Tender Amount	Variation Reason
Edward Lawson Centre, Wishaw, - Recovery Project	£3,730,337	£2,839,320	Following the liquidation of the previous Contractor, a replacement contract with a new Contractor was procured to ensure the necessary works could be undertaken prior to the beginning of the new school year. In addition for items previously installed, new work was carried out to: improve cavity and ceiling insulation; make improvements to sensory rooms; improve the landscaping of the external grounds to form outdoor teaching spaces; and, over-cladding and rendering to the full exterior made to improve the overall building condition score.
Pather Farm, Wishaw - Cemetery Development	£4,268,025	£3,746,763	Although challenging ground conditions were expected, the actual nature of the soil substrate encountered combined with the higher-than-anticipated ground water level, resulted in significant additional fill materials being imported to form higher finished ground levels. Changes to the car park and other hard landscaping areas, combined with design development to the visitor buildings glulam beams and roof finish materials have also resulted to delays in completion. These time delays carry with them additional prolongation related charges.
Demolition of Chapelhall Senior Citizens Centre, Chapelhall	£69,292	£37,960	Contaminated red blaze was found at sub levels resulting in additional contaminated waste disposal costs.
Demolition of Fleming House, 2 Tryst Road, Cumbernauld	£605,136	£485,305	Prolonged utility disconnection delays resulted in an overall delay to the works programme by 11 weeks. Upon exposing various parts of the building fabric, more complex deconstruction challenges were encountered resulting in changes to the demolition methodology. Crane hoisting of concrete panels rather than deconstruct via scaffold was required as a result.
MTC for Fire Alarm, Smoke Alarm and Protection Systems Service and Maintenance in Non-Domestic Properties 2022 – 2026	£1,025,099	£800,000	A number of repairs in relation to H&S issues were required including upgrades to fire panels, upgrading of sprinkler systems and fire detection/ monitoring equipment.