



RECORD OF CABINET PORTFOLIO HOLDER DECISION

Local Government Act 2000 and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Decision Ref. No.	PH093
Decision made by	Councillor Pip Allnatt Leader and Portfolio Holder for Housing and Landlord Services
Decision Title	Contract rates uplift - Planned Maintenance
Key decision?	Yes
Date of decision (same as date form signed)	14 September 2023
Name and job title of Officer requesting the decision	Chris Flannery, Housing Asset Manager
Officer contact details	cflannery@melton.gov.uk
Decision	<ol style="list-style-type: none">1. To approve the inclusion of a standard uplift clause as a variation to the planned maintenance contract.2. To delegate authority to the Housing Asset Manager to agree and finalise any legal documentation in consultation with legal services
Background	<p>The planned maintenance contract was tendered in the early part of 2022 and the contract was signed in September 2022.</p> <p>The contract includes for various elements of our planned maintenance programme, including kitchens, bathrooms and aids an adaptations.</p>
Reason for Decision/Main Considerations	<p>This contract was set up on the basis of a JCT Measured Term Contract. This form of contract includes a standard clause that allows for an increase in rates on an annual basis. That uplift is based on an increase that is in line with the most recently published Consumer Price Index.</p> <p>At the time that this tender specification was written, inflation was relatively low. To give the council more financial certainty it was decided to amend the standard clause to remove the annual uplift.</p>

	<p>However, since that time, inflation has been much higher than anticipated and construction material and labour costs have increased. Contractors are finding it hard to absorb these costs, even when a contract rate uplift is included in the contract.</p> <p>This is likely to lead to poor contractor performance and cost saving measures being applied, such as substitution of materials for cheaper products.</p> <p>It is proposed that the standard uplift clause is reinstated as per the standard JCT contract. This will allow a standard uplift to be applied on the anniversary of the contract each year.</p> <p>In terms of the financial impact of this, the current capital programme allowed for a 12% increase in costs on all budget lines this year. The CPI increase for July which will be applied is 6.8%. If this uplift is approved, the impact will be less than has been budgeted for and there will be an overall saving to the capital programme.</p> <p>Welland Procurement have been consulted on this proposal. No concerns were raised and they were supportive of the proposed approach, recognising the effects of not agreeing to the uplift.</p>
Alternative options rejected	To keep the contract as it is. This option was rejected as it is likely that this will lead to contract difficulties later, which will ultimately impact on our tenants and the service they receive.
Legal implications	<p>The contract can be varied to include an uplift clause which will need to be agreed by both the Council and the Contractor.</p> <p>The Council has the power to enter into contracts in order discharge its functions (Local Government Act 1972, s111 and the Local Government (contract) Act 1997, s1). The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts. In addition to complying with all relevant UK and EU legislation every contract entered into on behalf of the Council must also comply with the Council's Contract Procedure Rules and the Council's Financial Regulations.</p> <p>Senior Solicitor - 23 August 2023</p>
Financial implications	<p>Inflation of 12% was allowed for within the 2023-24 contract budgets. Using the latest available CPI inflator at the contract anniversary date (6.8%) will result in reduced prices over those budgeted.</p> <p>Director for Corporate Services – 23 August 2023</p>
Other implications	N/A
Background papers considered	None

List consultees (Where applicable)		Name	Outcome	Date
	Ward Councillors	N/A		
	Human Resources	N/A		
	Equalities	N/A		
	Communications	N/A		
Confidential Decision?	Public			
Call In Waived by Scrutiny Committee Chair?	No			
Has this been discussed by Cabinet Members?	No			
Cabinet Portfolio Holder Signature	Email approval received Councillor Pip Allnatt Leader and Portfolio Holder for Housing and Landlord Services 14 September 2023			
Declarations/conflict of interest?	-			

ONCE SIGNED, THIS FORM MUST BE HANDED TO DEMOCRATIC SERVICES IMMEDIATELY.

FOR DEMOCRATIC SERVICES USE ONLY		
Form Received	15 September 2023	
Date published to all Councillors	18 September 2023	
Call In Deadline	21 September 2023	