

ALTERATIONS TO EXISTING BUILDING AND NEW EXTENSION AT SOUTHESK PRIMARY SCHOOL, MONTROSE - TENDER REPORT

Abstract

Report on tenders received and recommendation of acceptance.

RECOMMENDATIONS

The Resources and Central Services Committee is recommended to:

1. approve the acceptance of the lowest tender for the several works, that of Muirfield (Contracts) Ltd., Dundee, in the modified amount of £715,528.98;
2. approve the estimated total cost of £862,715 (at out-turn prices);
3. note that an allowance of £900,000 has been made for this project in the 2005/2006 Final Capital Budget Volume;
4. note the revenue implications as contained in this report.

1 DESCRIPTION OF WORKS

The works comprise the design and construction of a new extension of approximately 350m² internal floor area comprising a multi-purpose hall, changing areas, toilets, stores, kitchen and servery, plant room and staff room together with minor alteration works within the existing nursery area including all associated services, external works and demolition of existing stores/toilets.

2 TENDERS RECEIVED

Tender documents were initially issued to the four contractors detailed in Report Nr 549/05 approved by the Resources and Central Services Committee on 3 May 2005.

Subsequently two of these contractors, during the tendering period (Morrison Construction Services Ltd, Aberdeen and W W Pert Construction Ltd, Montrose), informed the Council that they would be unable to submit a tender. In order to receive the maximum number of competitive tenders the list of contractors who originally respond to the press advertisement but were not initially selected was re-examined. Out of the remaining three contractors not originally selected only R S Hill, Forfar were considered suitable to receive tender documents. They were not selected originally due to the normal procedure to send 'design

and build' documents to a maximum of four tenderers. As they were deemed suitable R S Hill, Forfar were contacted and confirmed they wished to submit a tender. Tender documents were then issued to them to ensure the Council was in a position to receive the maximum number of competitive tenders.

Tenders were lodged with the Director of Law and Administration on 22 September 2005 and remain open for acceptance until 21 December 2005.

The tender received, and after checking the only offer, is as follows:

Contractor	Tender amount	Corrected amount
Muirfield (Contracts) Ltd, Dundee	£701,021.95	£701,021.95
Morrison Construction Services Ltd., Dyce, Aberdeen	Returned unpriced	
W W Pert Construction Ltd., Montrose	Returned unpriced	
WH Brown, Dundee	No offer received	
R S Hill, Forfar	No offer received	

As there was only one tender received the tender amount has been analysed and compared to similar design and build projects. The analysis has shown that the preliminary costs included in the tender are approximately 7 to 8% higher than expected. This would indicate that the general level of pricing contained within this offer is considered to be higher than anticipated having regard to the nature and extent of the work involved. The single tender also reflects how busy the local construction industry is at the moment with a consequent increase in tender prices.

A detailed examination of the tender submission revealed that Muirfield (Contracts) Ltd had not included a number of employers' requirements in their tender price, in addition certain items of specification and design did not fulfil the requirements and character of the project. Muirfield (Contracts) Ltd was contacted and have produced further information, amended specifications/design and provided costs to comply with Angus Council's requirements. The result is an overall addition to the original tender figure of £14,507.03, which produces a modified tender figure of £715,528.98.

Although preliminary costs and modifications to the tender submission have resulted in a higher than anticipated tender price, the increase is within the price range that could be expected if the usual number of tender prices had been received for this project. In the current building industry climate the alternatives to accepting the current tender, of re-tendering to the current selected contractors or re-advertising for new contractors, would not necessarily result in a larger number of new tenders and a reduction in the tender amount. This would also result in a delay to the project start and completion dates and additional costs could be incurred in the re-tendering process. Even though the tender costs are higher than anticipated, in this instance, the Director of Property Services in consultation with the Director of Education recommends that the only tender received be accepted.

3 ESTIMATED TOTAL COST

The estimated total cost of this project, based on the only tender after modifications, is as follows:

Alterations and extension works	£715,529
Allowance for professional fees and supervisory, travel and administrative expenses	£66,186
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	£781,715
Allowance for statutory payments	£1,000
Estimated cost of enabling works procured through Schedule of Rates Contract	£80,000
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Estimated total cost (at out-turn prices)	<u>£862,715</u>

4 ALLOWANCE IN ESTIMATES

An allowance of £900,000 has been made for this project in the 2005/2006 Final Capital Budget Volume and is funded in the amounts of £820,000 from the Scottish Executive School Fund Capital Grant and £80,000 from the Education department's revenue budget.

The original cost estimate of £900,000 however included an allowance of approximately £110,000, for the demolition of the existing two-storey hall and the formation of a new storage area. When this amount is deducted from the original cost estimate, the resulting revised cost of £790,000 can be compared directly to the estimated total cost of £862,715 for the works. The increased cost for the works of £72,715 is mainly attributable to increased preliminary costs and modifications to the tender price as noted in section 2 of this report. In order to deliver the project timeously the Education department has requested that the project proceed based on the estimated total cost of £862,715 while they consider further the requirement for and extent of the hall demolition and new storage area works. Once a conclusion is reached on this element of the works the Education department's 2005/2009 Financial Plan, which is currently being prepared, will if necessary, be adjusted to accommodate an additional project and associated revised costs.

5 REVENUE IMPLICATIONS

There is no significant impact on recurring annual revenue costs relating to this project, as any additional revenue costs associated with the new build extension will be offset by savings from the demolition of the existing 370m² two storey hall and stores. If the Education department decide to retain the existing hall then any additional revenue running costs that may be incurred will be contained within the Education department's revenue budget.

As this project is funded from the Scottish Executive's School Fund Capital Grant and the Education department revenue budget, there is no additional revenue expenditure in respect of loan charges.

6 ESTIMATED PHASING OF EXPENDITURE

The following table shows the predicted phasing of the estimated total cost (assuming a start on site in January 2006) and, for comparison, the phasing of expenditure contained in the 2005/2006 Final Capital Budget Volume detailed in Report Nr 1042/05 approved by the Resources and Central Services Committee on the 1 September 2005:

		to 03/2005 £000	2005/06 £000	2006/07 £000	2007/08 £000	Total £000
Phasing of expenditure of estimated total cost at out-turn prices	Project cost	105	95	621	42	863
	Less School Fund Capital Grant – Scottish Executive Revenue Funding	(105)	(15)	(621)	(42)	(783)
		(0)	(80)	(0)	(0)	(80)
	Capital	0	0	0	0	0
Cost Allowance in the 2005/2006 Final Capital Budget Volume	Project cost:	105	200	550	45	900
	Less School Fund Capital Grant – Scottish Executive Revenue Funding	(105)	(120)	(550)	(45)	(820)
		(0)	(80)	(0)	(0)	(80)
	Capital	0	0	0	0	0

7 CONSULTATION

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

8 HUMAN RIGHTS ACT IMPLICATIONS

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

Any implication, 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 Services Department.

9 CONCLUSION

The Resources and Central Services Committee is recommended to approve the acceptance of the only tender for the several works for Alterations to Existing Building and New Extension at Southesk Primary School, Montrose, that of Muirfield (Contracts) Ltd., Dundee, modified by adjustments, in the modified amount of £715,528.98.

REFERENCES

Committee	Date	Report No	Subject
Education	13/01/05	41/05	School Estate Strategy
Resources and Central Services	03/05/05	549/05	Extension and Refurbishment to Southesk Primary School, Montrose – Tender List
Resources and Central Services	01/09/05	1042/05	2005/2006 Final Capital Budget Volume

BACKGROUND PAPERS

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.

M G Lunny
Director of Property Services

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