

**OFFICES FOR SOCIAL WORK AND HEALTH DEPARTMENT,
ORCHARDBANK, FORFAR - TENDER REPORT**

Abstract

Report on tender received and recommendation of acceptance.

RECOMMENDATIONS

The Resources and Central Services Executive Sub-Committee is recommended to:

1. approve the acceptance of the negotiated tender for the several works, with Muir Construction Ltd, Fife, in the amount of 1,625,085.40;
2. approve the estimated total cost of £1,803,285 (at out-turn prices);
3. note that an allowance of £1,850,000 has been made for this project in the Social Work department's section of the Provisional Financial Plan 2004/2008;
4. note the revenue implications as contained in this report.

1 BACKGROUND

Report 1222/03 to the Resources and Central Services committee on 23 October 2003 detailed the proposed arrangements for procuring this project with Muir Construction Ltd, Fife. The Joint Development Agreement between Angus Council and Hermiston Securities Limited required the parties to negotiate a contract with Muir Construction Ltd for the new Social Work and Health office development. Both companies are part of the Muir Group. That report outlined the estimated costs as £1,575,000.

The report also approved the funding strategy that involved negotiating with NHS Tayside to enter into a 25-year lease with them for their portion of the office accommodation. The leasing costs to be based on the estimated total cost of the project after receipt of Muir Construction Ltd tender.

The negotiated tender from Muir Construction Ltd, lodged on 9 December 2004 amounting to £1,625,139.28 was incomplete and Muir Construction Ltd were contacted with a detailed list of information required to complete their offer. This information was not received in full until March 2005 resulting in a corrected and adjusted offer amounting to £1,712,779.75 which was subsequently revised to £1,741,001.51 in order for their tender to be held open for a further month.

This offer was above the revised budget provision in the 2004/08 Financial Plan and further negotiation with Muir Construction Ltd considered a package of savings which would not affect the design specification. This approved list of savings resulted in a revised offer amounting to £1,625,085.40

2 DESCRIPTION OF WORKS

The works comprise the design and construction of a new 1,434m² office building for the Social Work and Health department at Orchardbank, Forfar, together with all associated services and external works.

3 TENDER RECEIVED

Detailed negotiations with Muir Construction Ltd resulted in the preparation of a tender which was returned and lodged with the Director of Law and Administration on 6 May 2005 and remained open for acceptance 4 August 2005.

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

Contractor	Tender amount	Corrected amount
Muir Construction Ltd, Inverkeithing, Fife	£1,625,085.40	£1,625,085.40

The offer from Muir Construction Ltd has been analysed and compared to current building cost data including a previous tender received for the Housing office which has been analysed at £901/m² based on the gross internal floor area. The Social Work and Health office cost is £913/m² based on the gross internal floor area and this compares favourably with the Housing Office on which it was based given that it's specification is superior in certain elements and the date of acceptance for the Housing Office was 31 January 2005.

The general level of pricing contained within the offer is considered to be fair and reasonable having regard to the nature and extent of the work involved.

4 ESTIMATED TOTAL COST

The estimated total cost of this project, based on the negotiated tender from Muir Construction Ltd, Fife, is as follows:

Site Cost (based on valuation of land).....	£91,200
Works.....	£1,625,085
Allowance for professional fees and supervisory and administrative expenses	£87,000
Estimated total cost (at out-turn prices)	<u>£1,803,285</u>

The Social Work and Health department have advised that the cost of provision of loose furniture and equipment will be met from their existing revenue budget and an allowance of £100,000 for IT and telephone installation work has been made in the Social Work and Health department's section of the Provisional Financial Plan 2004/2008.

5 ALLOWANCE IN ESTIMATES

An allowance of £1,850,000 has been made for this project in the Social Work department's section of the Provisional Financial Plan 2004/2008, as detailed in Report Nr 186/05 approved at the Special Budget Meeting on 10 February 2005.

6 REVENUE IMPLICATIONS

Angus Council are to enter into negotiations with NHS Tayside with regard to sharing the accommodation within the new Social Work and Health office. Once the outcome of these negotiations is known a report will be brought before Committee detailing all associated revenue implications.

Loan charges amounting to £119,800 will be incurred, calculated over 40 years on the estimated capital cost of £1,803,285.

7 ESTIMATED PHASING OF EXPENDITURE

The following table shows the predicted phasing of the estimated total cost (assuming a start on site in June 2005) and, for comparison, the phasing of expenditure in the updated capital estimates in the Provisional Financial Plan 2004/2008, detailed in Report Nr 186/05 approved at the Special Budget Meeting on 10 February 2005:

		2003/04 £000	2004/05 £000	2005/06 £000	2006/07 £000	Total £000
Phasing of expenditure of estimated total cost at out-turn prices	Project cost	3	55	1,700	45	1,803
	Deduct (Local Capital Fund)			(1,306)	(31)	(1,337)
	Capital	3	55	394	14	466
Budget allowance contained in the Provisional Financial Plan 2004/2008	Project cost:	3	90	1,710	47	1,850
	Deduct (Local Capital Fund)			(1,306)	(31)	(1,337)
	Capital	3	90	404	16	513

8 CONSULTATION

The Chief Executive, the Director of Law and Administration, the Director of Finance and the Director of Social Work and Health have been consulted in the preparation of this report.

9 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.

10 CONCLUSION

The Resources and Central Services Executive Sub-Committee is recommended to approve the acceptance of the negotiated tender for the design and construction of Offices for the Social Work and Health department at Orchardbank, Forfar, that of Muir Construction Ltd, Fife in the amount of £1,625,085.40.

REFERENCES

Committee	Date	Report No	Subject
Resources and Central Services	23/10/03	1222/03	Proposed New Office for Social Work and Health Staff in Forfar
Angus Council	01/7/04	833/04	Office Accommodation Strategy – Recommendation to build new HQ accommodation at Orchardbank, Forfar
Housing	18/11/04	1364/04	Office for Housing Department, Orchardbank, Forfar – Tender Report
Special Budget Meeting	10/2/05	186/05	Provisional Financial Plan 2004/2008

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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