

ANGUS COUNCIL

NEIGHBOURHOOD SERVICES COMMITTEE – 20 AUGUST 2009

ALTERATIONS AND REFURBISHMENT OF 28A-J AND 30-48 (EVEN NRS) SOUTHESK STREET, MONTROSE (PHASE 2)- TENDER REPORT

REPORT BY DIRECTOR OF CORPORATE SERVICES

ABSTRACT: Report on tenders received and recommendation of acceptance.

1 RECOMMENDATIONS

It is recommended that the Committee:

- (i.) approve the acceptance of the lowest tender for the alterations and refurbishment of 28a-j and 30-48 Southesk Street, Montrose from Andrew Shepherd Construction Ltd, Forfar modified by savings, in the amount of £1,050,791.13;
- (ii.) approve the estimated total cost of £1,220,125 (at out turn prices);
- (iii.) note that an allowance of £1,150,000 for this project is contained in the HRA Financial Plan 2008-2012 approved by the Neighbourhood Services Committee (Special Meeting) on the 17 February 2009 (report 133/09 refers)
- (iv.) note that the HRA Capital Programme will be adjusted at its next review to accommodate an increase of £70,125 in the allowance for this project to meet the estimated total cost of £1,220,125 and to reflect the anticipated phasing of the expenditure as detailed at section 7 of this report;
- (v.) note the financial implications included in Section 6 of this report.

2 DESCRIPTION OF WORKS

The works comprise the modernisation of 20 flats at 28a-j and 30-48 (even nrs) Southesk Street, Montrose, incorporating new kitchen, bathroom, heating system, rewire, partial window replacement, door replacement, general internal improvements and decoration. External works include the demolition of two stores and external walkways, formation of new external covered access stairs together with new ramps, paths, sheds, drying areas, soft landscaping, external rendering and associated work.

List of Addresses

28a, b, c, d, e, f, g, h, i, j, 30, 32, 34, 36, 38, 40, 42, 44, 46 and 48 Southesk Street

This project has been designed to incorporate sufficient materials with a high recycled content that the target of 10% by value of recycled content in property related construction projects valued over £1 million will be achieved.

3 TENDERS RECEIVED

Tender documents were issued to six contractors detailed in Report Nr 37/09 approved by the Neighbourhood Services Committee on 15 January 2009.

Tenders were lodged with the Head of Law and Administration on 7 April 2009 and remained open for acceptance until 6 July 2009. Due to the time required to check tenders, prepare a savings package and receive revised rates from the three lowest tenderers this date had expired. The three lowest tenderers were contacted and confirmed that their tenders would remain open for acceptance until 1 September 2009 with no changes to their rates.

The tenders received, and after checking the three lowest offers, are as follows:

Contractor's Name	Tender Amount	Corrected Amount
Andrew Shepherd Construction Ltd, Forfar	£1,167,382.03	£1,160,911.08
Muirfield (Contracts) Ltd, Dundee	£1,173,175.36	£1,171,546.50
WH Brown Construction (Dundee) Ltd, Dundee	£1,199,986.07	£1,199,986.07
Hadden Construction Ltd, Aberuthven	£1,230,774.35	Not checked
Robertson Construction Tayside Ltd, Dundee	£1,235,249.20	Not checked
Torith Ltd, Drumoig	£1,547,281.17	Not checked

An examination of the tender documents received revealed a number of areas requiring clarification/resolution or the provision of additional information and the lowest tenderer was contacted in order to obtain the necessary clarification or information. This comprised rating issues and completion of documentation.

All information requested for items requiring clarification/resolution have now been received and the offer from the lowest tenderer has been adjusted, where necessary, in line with the information received.

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

4 ESTIMATED TOTAL COST

The estimated total cost of this project, based on the lowest tender modified to account for the savings detailed in section 5 of this report, is as follows:

Modified tender amount	£1,050,791
Allowance for professional fees, supervisory, travel and administrative expenses	£152,834
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	£1,203,625

Allowance for statutory payments and sundry expenses	£9,500
Allowance for decoration and disturbance payments	£7,000
Estimated total cost (at out-turn prices)	£1,220,125

5 ALLOWANCE IN ESTIMATES

An allowance of £1,150,000 for alterations and refurbishment to 28a-j and 30-48 Southesk Street, Montrose (Phase 2) is contained in the HRA Financial Plan 2008-2012 approved by the Neighbourhood Services Committee (Special Meeting) on the 17 February 2009.

The scope of works, on which the original allowance was based, was revised following the development of the design and consultations with the Housing division. This change to the scope of works and the tenderers pricing of preliminaries amounted to an increase in cost of £160,911 when comparing the original budget allowance for the works only of £1,000,000 against the corrected lowest tender figure of £1,160,911. The following table identifies the additional costs incorporated into the tender documents:

Cost Heading	Amount	Comments
Scope of Works:		
Replace slate roof	£30,000	Original allowance based on repairs only. A subsequent survey of the roof identified further maintenance works. The decision was taken to replace the whole roof and this was included in the tender documents.
Roughcast system to external walls	£33,000	Original allowance was based on repairs only. Due to the extent of works affecting the external walls it was decided that for maintenance and aesthetic reasons the walls would require to be fully roughcast.
Sheds	£19,000	No allowance had originally been made for providing tenants with sheds and this was only to be considered as an option if the budget is available.
Asbestos removal	£10,000	A detailed asbestos survey identified the type of asbestos and the full extent of areas where asbestos is to be removed.
External lighting columns	£10,000	No allowance had originally been made for external lighting columns. External lighting had originally comprised luminaries fitted to the walls of the flats. As part of the design development process it was considered necessary to included for lighting columns to the rear of the properties.
Repairs to de-cant accommodation	£7,000	Provisional sum allowed for possible repairs to de-cant accommodation.
Landscaping works	£5,000	Provisional sum allowed for soft landscaping after the main works are complete.
Balance of sundry items	£6,911	
Sub-total	£120,911	
Increased tender amount relating to preliminaries:		

Preliminary costs (including site set up, supervision, attendance, main contractors weekly costs, etc)	£40,000	The tenderer has priced the preliminaries to account for restricted site storage and ongoing occupation of the flats during the contract period, although partial de-canting of flats has been arranged. This had been allowed for in the original cost, however this is a contractor's risk item and the actual tendered preliminary rates considered appropriate by the lowest tenderer were higher than anticipated.
Total	£160,911	

A savings exercise was carried out and the three lowest tenderers were requested to revise their tender prices based on a package prepared by the Property division in consultation with the Housing division. The modified tender prices are as follows:

Contractor's Name	Corrected Tender Amount	Savings Amount	Modified Tender Amount
Andrew Shepherd Construction Ltd, Forfar	£1,160,911.08	(£110,119.95)	£1,050,791.13
Muirfield (Contracts) Ltd, Dundee	£1,171,546.50	(£90,013.22)	£1,081,533.28
WH Brown Construction (Dundee) Ltd, Dundee	£1,199,986.07	(£82,142.03)	£1,117,844.04

The savings identified will not affect the overall design concept of the project. The offer received from Andrew Shepherd Construction Limited, following modifications to the tender price, continued to be the lowest tender and a breakdown of the individual savings is as follows:

Cost Heading	Saving Amount	Tender Amount	Comments
Lowest Tender (after checking)		£1,160,911.08	
Savings:			
Omit Velux rooflights	(£4,394.40)		Although this would have provided a small element of natural daylight to the entrance vestibule it is not considered an integral part of the design.
Replace electrical door closers with Perkomatic door closers	(£815.66)		Alternative specification which still meets the design requirements.
Delete provision of sheds	(£19,007.13)		Not required as an integral part of the project.
Remove sun-tubes from roof	(£3,325.90)		Although this would have provided a small element of natural daylight to the stair and second floor entrance vestibule it is not considered an integral part of the design
Repairing roof in lieu of	(£29,820.50)		Repairs carried out in accordance

complete replacement			with maintenance report.
Re-design of bin stores	(£7,756.36)		Originally designed as a feature they have been re-designed to complement the new fencing.
Preliminary costs (including site set up, supervision, attendance, main contractors weekly costs, etc)	(£45,000.00)		Reduction to Preliminaries in line with the cost savings noted above and reconsideration by the contractor of his risk items.
	Sub-Total	(£110,119.95)	
Modified Tender Amount		£1,050,791.13	

The HRA Capital Programme will be adjusted at its next review to accommodate an increase of £70,125 in the allowance for this project to meet the estimated total cost of £1,220,125 and to reflect the anticipated phasing of the expenditure as detailed at section 7 of this report.

6 FINANCIAL IMPLICATIONS

There is no additional revenue expenditure arising from this project, and it is presently not possible to determine the actual funding allocation between CFCR, Capital Receipts and Borrowing. The amount of borrowing ultimately utilised as part of the overall HRA capital funding strategy will be determined as part of the year end processes. The resulting loan charges will also be determined at that time.

7 ESTIMATED PHASING OF EXPENDITURE

The expenditure of the estimated total cost of £1,220,125 for this project will be phased as follows:

to 31 March 09	£95,000
in 2009/10	£560,000
in 2010/11	£530,000
in 2011/12	£35,125

8 HUMAN RIGHTS ACT IMPLICATIONS

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

9 EQUALITIES IMPLICATIONS

The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

10 CONSULTATION

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

11 CONCLUSION

The Committee is recommended to:

- (i.) approve the acceptance of the lowest tender for the alterations and refurbishment of 28a-j and 30-48 Southesk Street, Montrose from Andrew Shepherd Construction Ltd, Forfar modified by savings, in the amount of £1,050,791.13;
- (ii.) approve the estimated total cost of £1,220,125 (at out turn prices).

REFERENCES

Committee	Date	Report	Subject
Neighbourhood Services	15/02/09	37/09	Alterations and Refurbishment of 28-48 Southesk Street, Montrose – Tender List
Special Neighbourhood Services (Special Meeting)	17/02/09	133/09	2009/10 Housing Revenue Account Estimates Incorporating Rents, Charges and Tayock Site Rentals

Colin McMahon
DIRECTOR OF CORPORATE SERVICES

BACKGROUND PAPERS

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/JWP/DMH – 6705/1005