

## Members' Library Service Request Form

Date of Document	24/11/14
Originator	Gary Fenwick
Originator's Ref (if any)	GF
Document Title	Proposed New Rural Business Units, Mid Road Industrial Estate, Prestonpans

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Additional information:

Authorised By	Douglas Proudfoot
Designation	Acting Head of Development
Date	25/11/14

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**REPORT TO:** Members' Library Service

**MEETING DATE:**

**BY:** Depute Chief Executive (Partnerships and Services for Communities)

**SUBJECT:** Proposed New Rural Business Units, Mid Road Industrial Estate, Prestonpans

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## **1 PURPOSE**

- 1.1 To note the decision to award the contract for the Proposed New Rural Business Units, Mid Road Industrial Estate, Prestonpans to Messrs Maxi Construction Ltd, Livingston.

## **2 RECOMMENDATIONS**

- 2.1 Members are asked to note the decision of the Head of Development, acting under delegated authority, to accept Messrs Maxi Construction Ltd's tender amounting to £1,163,026.48 after checking and correction and noting that it is open for consideration until 18<sup>th</sup> December 2014 for the Proposed New Rural Business Units, Mid Road Industrial Estate, Prestonpans. This report is submitted to the Members Library Service in accordance with Standing Order 3.4 (a) and (c) for Members' information.

## **3 BACKGROUND**

- 3.1 The Council has secured Grant Funding from the Scottish Government to part fund this development of Business Units. It has been established that there is a current rental market for good quality business units in East Lothian, and an income stream will be generated for the Council through lease of the units.
- 3.2 Tender Documents were issued to five selected Design & Build Contractors, and the following offers were duly received. The lowest three tenders were subjected to detailed checks resulting in the Tender Amounts indicated below:

Ref	Contractor	Tender Amount Before Checking	Tender Amount After Checking	Lowest Checked Tender Amount
1	Maxi Construction Ltd, Livingston	£1,238,087.00	£1,286,086.50	<u>£1,286,086.50*</u>
2	Hart Builders (Edinburgh) Ltd Macmerry	£1,587,321.00	£1,587,321.00	
3	Clark Contracts, Edinburgh	£1,647,239.09	£1,647,239.09	
4	Ashwood Scotland Ltd, Bathgate	£1,842,561.34	Not checked	
5	Henry Brothers (Magherafelt), Londonderry	£1,849,853.66	Not checked	

3.3 As indicated at 3.2 Messrs Maxi Construction Ltd's tender amounting to £1,286,086.50 after detailed checking and correction remains the lowest of the offers submitted and has been very competitively priced throughout.

3.4 \*The above lowest tender was in excess of the Councils budget for these works, and it was agreed that savings would be required. In line with the Tendering Code of Practice used by the Council, the lowest placed contractor was identified as the Preferred Contractor, and the Council entered into savings negotiations with this Contractor. Following the application of agreed savings, the final tender amount became £1,163,026.48.

3.5 When considering the areas where savings could be made, and the amount of savings required, it was agreed that the general level of specification, amenity and standard of the building fabric should not be compromised. The most effective way to reduce costs was determined, and this was to relocate one of the business units within the site, and omit one other unit, in order to significantly reduce the site infrastructure requirements. The number of business units was reduced from 8Nr to 7Nr and the site infrastructure and servicing was simplified.

3.6 Messrs Maxi Construction Ltd have yet to provide their list of proposed Sub-Contractors.

3.7 The Contract is prepared on a firm price basis in terms of the Design and Build Contract for use in Scotland 2011 Edition (DB/Scot 2011) issued by the Scottish Building Contract Committee.

- 3.8 The Contractor's overall programme indicates 10 working weeks from time of tender acceptance to site start, and this period allows for obtaining Building Warrant and mobilisation. The Contractors proposed Construction Period is 26 working weeks. Based on tender acceptance on or before 31<sup>st</sup> October 2014, works would be completed and handed over by early August 2015, and this is in accordance with the timescale provided to the Scottish Government in the application for Grant funding.

#### **4 COMMUNITY BENEFITS IN PROCUREMENT**

- 4.1 Maxi Construction have confirmed that they will satisfy the Community Benefits requirements contained within the Contract.

#### **5 EQUALITIES IMPACT ASSESSMENT**

- 5.1 This Report is not applicable to the wellbeing of equalities groups and an Equalities Impact Assessment is not required.

#### **6 POLICY IMPLICATIONS**

- 6.1 None

#### **7 RESOURCE IMPLICATIONS**

- 7.1 Financial – Together with the addition of external professional costs and statutory fees, the total Council project expenditure for this development will not exceed £820,283.02, and can be itemised as follows:

<b>Category</b>	<b>Estimated Costs (£)</b>
Construction/ Contract Costs (Recommended Tender, including agreed negotiated savings)	£1,163,026.48
External Consultant Professional Fees & Expenses (CDM Co-ordinator)	£1,450.00
Statutory Fees	£4,200.00
<u>Deduct</u> Scottish Government Grant Funding	(£348,393.46) *
<b>TOTAL</b>	<b>£820,283.02</b>

*\* Full allocation of grant funding is subject to project expenditure taking place in line with the current works programme. It is unclear at this time whether the element of grant associated with release of final retention in 2016 (approx £5,000.00) will be eligible for award.*

The Scottish Government has been notified of scheme revisions required to make cost savings, and have confirmed that the grant amount noted above is unaffected by this.

This expenditure will be met from within the budget allocation for Support for Businesses within the 2014/15 to 2016/17 Capital Programme. This budget also includes a £500,000.00 underspend carried forward from 2013/14 in accordance with a decision taken by Council on 22<sup>nd</sup> April 2014.

Internal ELC Professional Fees & Expenses (Employers Agent, Quantity Surveyor and Clerk of Works) amounting to c. £30,000.00 are contained within the amount for Property Fees within the Capital Plan.

The total and approximate forecast project expenditure (excluding internal fees) for current and future financial years is as follows:

<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>
£417,886.77	£390,096.25	£12,300.00

7.2 Personnel – None.

7.3 Other – ELC Economic Development is supportive of the proposed scheme design, and is content with the changes made to the scheme in order to apply savings.

## **8 BACKGROUND PAPERS**

8.1 Signed Scottish Government Grant offer and ELC Acceptance. Scottish Government letter dated 4<sup>th</sup> August 2014 Ref JM/RS.

8.2 EUROSYS Notification Of Change for Application Ref LUPS/ERDF/2013/10/4/0072 informing the Scottish Government of current project procurement programme.

8.3 Report to East Lothian Council 22 April 2014 – Revisions to the Capital Plan 2014-17.

<b>AUTHOR'S NAME</b>	Douglas Proudfoot
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