

## Members' Library Service Request Form

Date of Document	21/12/18
Originator	Dougie Russell
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Document Title	Proposed New Housing at Letham Mains, Haddington

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Additional information:

Authorised By	Douglas Proudfoot
Designation	Head of Development
Date	21/12/18

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**REPORT TO:** Members' Library Service

**MEETING DATE:**

**BY:** Depute Chief Executive – Partnerships and Community Services

**SUBJECT:** Proposed New Housing at Letham Mains, Haddington

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## **1 PURPOSE**

- 1.1 To note the decision to award the contract for the Proposed New Council Housing at Letham Mains, Haddington to Messrs Hart Builders (Edinburgh) Ltd.

## **2 RECOMMENDATIONS**

- 2.1 Members are asked to note the decision of the Head of Development in consultation with the Head of Council Resources, to accept Messrs Hart Builders (Edinburgh) Ltd's tender amounting to £8,396,965.98 after checking, correcting and amendment and noting that it is open for consideration until 6<sup>th</sup> February 2019, for the Proposed New Housing at Letham Mains Haddington.

## **3 BACKGROUND**

- 3.1 The Council has taken possession of, and is proposing to develop for housing, a green field site located at Letham Mains, Haddington. The proposed development of 66Nr housing units is part of the Council's new affordable housing programme. The development will comprise 43Nr housing units to be built in the northern section of the overall development site (Site A) and 23Nr units to be built in the southern section (Site B). It is intended that the 23Nr units at Site B will be purchased upon completion by Places For People.

The proposed housing mix is:-

Site A

House Type A – 4 Apartment/ 4 Person House – 6Nr

House Type B – 4 Apartment/ 5 Person House – 17Nr

House Type E – 2 Apartment/ 4 Person WC Accessible House – 2Nr  
 House Type F – 2 Apartment/ 2 Person Cottage Flat – 12Nr  
 House Type G –3 Apartment/ 4 Person Flat – 6Nr

Site B

House Type A – 4 Apartment/ 4 Person House – 2Nr  
 House Type B – 4 Apartment/ 5 Person House – 8Nr  
 House Type D – 3 Apartment/ 4 Person Flat– 3Nr  
 House Type F – 2 Apartment/ 2 Person Cottage Flat – 4Nr  
 House Type G –3 Apartment/ 4 Person Flat – 6Nr

3.2 Following consultation with the Councils Corporate Procurement Team and Places For People Procurement Hub, Tender Documents were issued to the 13 Nr contractors listed on the Places For People Procurement HUB Framework for Housing. This is an established OJEU compliant Framework which is utilised across the UK for the procurement of housing.

The framework contractors are listed below alphabetically.

Ref	Contractors Listed Alphabetically	
1	Allenbuild Ltd, Edinburgh	
2	CCG (Scotland) Ltd, Cambuslang	
3	ESH Border, Earlston	
4	Galiford Try, Edinburgh	
5	Hadden Construction, Aberuthven	
6	Hart Builders ( Edinburgh) Ltd, Edinburgh	
7	ISG, Glasgow	
8	Keepmoat Homes, Edinburgh	
9	Lakehouse Construction	
10	Lovell, Glasgow	
11	Marshall Construction, Edinburgh	
12	McTaggart Construction, Dalry	
13	Robertson Homes, Ratho	

Ten of the framework contractors failed to submit a tender, one contractor declined the tender opportunity and the remaining two contractors responded with compliant tender submissions.

On completion of the tender process the Council's Corporate Procurement Team confirmed that they were satisfied with the procurement route adopted and that the processes had been followed correctly.

The following two offers were received, listed in ascending order

Ref	Contractor	Tender Amount Before Checking	Tender Amount After Checking and Amendment	Lowest Checked Tender Amount
1	Tenderer 1	£8,342,568.65	£8,396,965.98	<u>£8,396,965.98</u>
2	Tenderer 2	£16,137,757.47	£16,180,511.43	

There is a significant difference between the two corrected tender sums. The gap between the two tenders is evident throughout the pricing of the Elemental Contract Sum Analyses submitted with the tenders but is most pronounced in the Superstructure, Services and Preliminaries. Tenderer 2 was asked on two separate occasions during the tender checking process to confirm this tender sum. He did so on each occasion.

In addition to the detailed price checks, the tenders were subjected to an Award Criteria process as required by the EU Procurement Procedure Notice. Given that the framework contractors have already been assess for quality the tender evaluation criteria for this project placed an emphasis on Price which is weighted at 90% with the quality assessment weighted at 10%.

The quality assessment focused on project specific criteria such as local supply chain opportunities, site supervision staff, management of the phased work sections and management of the site environment.

The aim of the tender evaluation, carried out by an evaluation panel consisting of two Council Housing Development officers and one Council Quantity Surveyor, was to select the tender which represented the Best Value to the Council.

On completion of the tender evaluation process Messrs Hart Builders (Edinburgh) Ltd emerged as the highest scoring tenderer. A summary of the evaluation matrix scores is shown below:

<b>Scoring Criteria</b>	<b>Max Score</b>	<b>Hart Builders</b>	<b>Tenderer 2</b>
Price	90	90	46.70
Quality	10	8.95	5.64
<b>Total Score</b>	<b>100</b>	<b>98.95</b>	<b>52.34</b>

- 3.3 As indicated at 3.2, Messrs Hart Builders (Edinburgh) Ltd's tender price amounting to £8,396,965.98 after detailed checking, correction and amendment is the lowest offer submitted. The Council's Quantity Surveyor has assessed the Elemental Contract Sum Analyses contained within the tender submission and has confirmed that he is satisfied that the tender price is fair and reasonable for this type of work, offers good value and has been priced competitively throughout.

The Council's Quantity Surveyor further confirmed that the tender price is acceptable in comparison with the anticipated Cost Plan figure of £8,107,869.00 (3.56% higher) and with tender prices of other housing projects procured recently by the Council as demonstrated in the tables set out in item 7.1 below

Hart Builders (Edinburgh) Ltd's offer complies with the employer's brief.

- 3.4 Messrs Hart Builders (Edinburgh) Ltd have proposed the following list of Sub-Contractors:-

Timber Kit – Walker Timber Ltd, Bo'ness

Electrical – Cable Com Electrical, Edinburgh

Plumbing and Heating – Tom Finlay Plumbing Ltd, Cambuslang

- 3.5 The Contract is prepared on a firm price basis in terms of the SBCC Design & Build Contract for use in Scotland 2011 Edition incorporating Amendment Nr 1 issued March 2015 (DB/Scot 2011) issued by the Scottish Building Contract Committee, and the Contractor has undertaken to complete the works in five phased Work Sections within an overall programme of 90 calendar weeks from the date of possession.

#### **4 COMMUNITY BENEFITS IN PROCUREMENT (CBIP)**

- 4.1 Hart Builders (Edinburgh) Ltd has undertaken to comply with the contract requirements governing the Contractors Community Benefits responsibility, and will work with East Lothian Council and relevant stakeholders to maximise outcomes achievable through the investment of this project.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 As these properties are being delivered under the terms of the Affordable Housing Policy a specific IIA is not required.

## 6 POLICY IMPLICATIONS

- 6.1 The construction of these houses will assist in delivering one of the Council's core priorities "Provision of Affordable Housing".

## 7 RESOURCE IMPLICATIONS

- 7.1 Financial – Together with the addition of restricted ELC professional costs and expenses, external professional costs and expenses, land costs and Section 75 payments, the total project expenditure for the development of the 66Nr new housing units will not exceed £9,823,408, and can be itemised as shown below. Note that, as part of the Section75 Planning agreement, the developer, CALA, have paid ELC ~£15.5K, as their contribution to retention requirements on the site.

Category	Estimated Costs (£)
Construction& design/ Contract Costs	£8,396,966
Internal ELC Professional Fees & Expenses (Legal, Employers Agent and Clerk of Works)	£240,974
External Consultants Professional Fees & Expenses (CDMC and Site Investigation costs)	£105,717
Land Purchase Costs (Credit from CALA)	-£15,517
Fees – Planning, Building Standards, S Water	£82,550
Section 75 Payments	£997,201
<b>TOTAL</b>	<b>£9,807,891</b>

The total development cost per unit is £148,604 (£137,596 3P equivalent), which is in line with other recent ELC Developments noted below.

Note: Figures below are not adjusted for inflation or building cost variations.

Project	Date of tender acceptance	Cost per unit		Cost per m2 GFA
		Actual	3p equiv.	Actual
Osborne T'ce, Cockenzie	May 2018	£165,908	£158,764	£2,488
Dovecot Ph 2, Haddington	March 2018	£113,982	£110,021	£1,746
Dolphingstone Farm	March 2018	£131,390	£120,541	£2,249
Fenton Gait East, Gullane	June 2018	£156,507	£140,744	£1,918
Weavers Loan, Aberlady	June 2018	£128,158	£127,015	£1,886
<b>Letham Mains, Haddington</b>	<b>TBC</b>	<b>£148,604</b>	<b>£137,596</b>	<b>£1,865</b>

Restricting the comparison to the design and build element only (in projects where these costs can be separately identified) shows the following results.

Project	Tender acceptance date	Design and build cost only per unit		Design and build cost only per m2
		Actual	3p Equiv	
Russell Walk, North Berwick	Sep 2016	£127,300	£112,755	£1,386
Osborne Terrace, Cockenzie	May 2018	£135,020	£129,206	£1,761
Fentoun Gait East, Gullane	June 2018	£135,025	£121,425	£1,655
Weavers Loan, Aberlady	June 2018	£111,255	£110,263	£1,637
<b><i>Letham Mains, Haddington</i></b>	<b><i>TBC</i></b>	<b><i>£130,079</i></b>	<b><i>£120,444</i></b>	<b><i>£1,633</i></b>

This expenditure will be contained within the budget allocated for New Affordable Housing in the Council's Capital Investment Plans for 2018/2019, 2019/2020, 2020/2021 and 2021/2022

7.2 Personnel – None.

7.3 Other – None.

## 8 BACKGROUND PAPERS

8.1 None

<b>AUTHOR'S NAME</b>	Douglas Proudfoot
<b>DESIGNATION</b>	Head of Development
<b>CONTACT INFO</b>	Dougie Russell - 8694 DR – 11 <sup>th</sup> December 2018