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Originator	Gary Fenwick
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Document Title	Proposed New Business Units at Gateside, Haddington

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Additional information:

Authorised By	Tom Reid
Designation	Head of Infrastructure
Date	23/08/21

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REPORT TO: MEMBERS' LIBRARY SERVICE

MEETING DATE: August 2021

BY: Head of Infrastructure

SUBJECT: Proposed New Business Units at Gateside, Haddington

1 PURPOSE

- 1.1 To note the decision to award the contract for the Proposed New Business Units at Gateside Haddington to Messrs Algo (Blairgowrie) Ltd.

2 RECOMMENDATIONS

- 2.1 Members are asked to note the decision of the Head of Infrastructure in consultation with the Executive Director of Place and the Executive Director of Council Resources, to accept Messrs Algo (Blairgowrie) Ltd.'s tender amounting to £2,323,903.58 after checking, correction, adjustment and Value Engineering for the Proposed New Business Units at Gateside Haddington
- 2.2 The tender is held open for consideration until 27th August 2021.

3 BACKGROUND

- 3.1 It has been established in consultation with East Lothian Council Economic Development that there is a strong 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 that this development will provide.
- 3.2 The project brief delivers a development of modern, energy efficient and maintenance-free Class 4 business units within the Gateside retail park development in Haddington. Through the application of modern design solutions and principles, energy performance surpasses current statutory requirements and landscape design maximises bio diversity. The development generally is expected to set an environmental benchmark for all future Council commercial unit designs.

- 3.3 The Council therefore intends to appoint a contractor, following a competitive procurement process, to design and build the new Business Units at Gateside Haddington.
- 3.4 Tender documents were issued to the market on an “Open Tender” basis, and the following tenders were duly received and subject to detailed checks, resulting in the tender amounts indicated below, presented in ascending order:-

Ref	Contractor	Tender Amount Before Checking	Tender Amount After Checking and Amendment	Lowest Checked and Amended Tender Amount
1	Algo (Blairgowrie) Ltd	£2,597,417.06	£2,705,060.92	<u>£2,705,060.92</u> * (see 3.5 below)
2	Tenderer 2	£3,277,733.00	£3,277,733.00	
3	Tenderer 3	£3,407,866.53	£3,407,866.53	
4	Tenderer 4	£2,926,427.02	Tender rejected. See below	

- 3.5 This tendering process was “Open Tender” and involved a Two Stage selection process:-

Stage 1 – Qualification Questionnaire: The 4Nr tenders received all passed Stage 1 and proceeded to Stage 2.

Stage 2 – Quality / Price – Most Economically Advantageous Tender:

- 3.6 At this stage, in consultation with Council Procurement, the tender submitted by Tenderer 4 was rejected on the basis that it failed to meet the employer’s criteria as set out in the Tender Documents.

- 3.7 The results of the Stage 2 assessment of the remaining tenderers was as follows:

Algo (Blairgowrie) Ltd: Quality - 6.25. Price - 90.00. Total - 96.25
Tenderer 2: Quality – 7.19. Price – 74.28. Total – 81.47
Tenderer 3: Quality – 6.88. Price – 71.44. Total – 78.32

- 3.8 Messrs Algo (Blairgowrie) Ltd.'s tender amounting to £2,705,060.92 after detailed checking, correction and amendment is the most economically advantageous compliant tender submitted, and has been competitively priced throughout. Algo (Blairgowrie) Ltd. were therefore identified as the Preferred Bidder.
- 3.9 * Messrs Algo (Blairgowrie) Ltd.'s tender of £2,705,060.92 was in excess of the Council's budget for this project, and in order to attempt to meet the available budget, the Council entered into a Value Engineering with the Preferred Bidder. The result of this exercise was a reduced, value engineered tender of £2,323,903.58
- 3.10 Messrs Algo Ltd have proposed the following list of Sub-Contractors:
All to be confirmed.
- 3.11 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, issued by the Scottish Building Contract Committee, and the Contractor has undertaken to complete the works within an overall programme of 54 calendar weeks from the date of possession.

4 COMMUNITY BENEFITS IN PROCUREMENT (CBIP)

- 4.1 Algo 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 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 POLICY IMPLICATIONS

- 6.1 The report recommendations are consistent with the delivery of the Council's capital programme and also the Council's approved Financial and Capital Strategies.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – The total anticipated expenditure on the project is £2,383,903.58 as set out below.

Category	Estimated Costs (£)
Algo Ltd.'s Construction Tender	£2,323,903.58
External Consultant Fees, Surveys & Expenses	£55,000.00
Statutory fees	£5,000.00
TOTAL	£2,383,903.58

This expenditure will be allocated to the Council's Capital Plan Budget – Support for Business, of £2,384,150.00.

The Anticipated Spend Profile of this expenditure (including monies already spent) is:

2020 – 2021: £32,929.00
2021 – 2022: £794,812.00
2022 – 2023: £1,521,303.58
2023 – 2024: £34,859.00

7.2 Personnel – None.

7.3 Other – None.

8 BACKGROUND PAPERS

8.1 None.

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DATE	16 August 2021