

## Members' Library Service Request Form

Date of Document	26/08/16
Originator	Gary Fenwick
Originator's Ref (if any)	GF
Document Title	Proposed New Housing at Russell Walk, North Berwick

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Additional information:

Authorised By	Douglas Proudfoot
Designation	Head of Development
Date	22/09/16

For Office Use Only:	
Library Reference	173/16
Date Received	22/09/16
Bulletin	Sep 16

**REPORT TO:** Members' Library Service

**MEETING DATE:**

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

**SUBJECT:** Proposed New Housing at Russell Walk, North Berwick

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## **1 PURPOSE**

- 1.1 To note the decision to award the contract for the Proposed New Council Housing at Russell Walk, North Berwick, to Messrs Hart Builders (Edinburgh) Ltd, Macmerry

## **2 RECOMMENDATIONS**

- 2.1 Cabinet is asked to note the decision of the Head of Development in consultation with the Head of Council Resources and the Head of Communities & Partnerships to accept Messrs Hart Builders (Edinburgh) Ltd's tender amounting to £2,174,404.00 after checking and correction, and noting that it is open for consideration until 27<sup>th</sup> October 2016, for the Proposed New Housing at Russell Walk, North Berwick.

## **3 BACKGROUND**

- 3.1 The Council is proposing to develop a cleared and serviced site contained within a recently completed private residential development located at Russell Walk, North Berwick (Planning Reference 12/00338, Newhouse Farm). The site was acquired by the Council in March 2016 and infrastructure works to the site were paid for at that time as part of the site purchase contract. The proposed development of 18Nr houses and flats is part of the Council's new affordable housing programme.

The proposed housing development has received planning permission for:-

5 person / 4 apartment / 3 bedroom house - 11 Nr

4 person / 3 apartment / 2 bedroom house - 2 Nr

4 person / 3 apartment / 2 bedroom wheelchair bungalow - 1 Nr

3 person / 3 apartment / 2 bedroom flat – 4Nr

- 3.2 Tender Documents were issued to three contractors from the appropriate Scottish Procurement Alliance (formally LHC) Contractors Framework, and the following 1Nr offer was duly received. One of the tendering contractors withdrew from the tender process prior to the tender return date and a second contractor failed to submit a tender by the due date. The Council's Procurement Department has authorised that this single tender received can be assessed for compliance with the employer's brief, and value for money.

Ref	Contractor	Tender Amount Before Checking	Tender Amount After Checking	Lowest Checked Tender Amount
1	Hart Builders (Edinburgh) Ltd Macmerry	£2,178,811.25	£2,174,404.00	<u>£2,174,404.00</u>
2	Caledonian Modular, Newark		Withdrew	
3	F1 Modular, Newton		No return	

- 3.3 As indicated at 3.2, Messrs Hart Builders (Edinburgh) Ltd's tender amounting to £2,174,404.00 after detailed checking and correction is the only offer submitted. The tender has been competitively priced and complies with the employer's brief, and on this basis we recommend for acceptance the tender received from Hart Builders (Edinburgh) Ltd.

- 3.4 Messrs Hart Builders have proposed the following list of Sub-Contractors:-

Timber Kit – Deeside Timber Frame, Stonehaven

Electrical Installation – Cable Com Electrical, Edinburgh

Plumbing Installation – Tom Findlay & Co Ltd

- 3.5 The Contract is prepared on a firm price basis in terms of the JCT 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 within 42 weeks overall from the date of possession.

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

- 4.1 Hart Builders have undertaken to comply with the contract requirements governing the Contractors Community Benefits responsibility. Hart Builders 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 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 18Nr new housing units will not exceed £2,881,692.00, and can be itemised as follows:

<b>Category</b>	<b>Estimated Costs (£)</b>
Construction& design/ Contract Costs	£2,174,404.00
Internal ELC Professional Fees & Expenses (Employers Agent and Clerk of Works)	£32,243.00
External Consultants Professional Fees & Expenses (CDMC)	£3,520.00
Land Purchase Costs (previously paid)	£205,000.00
Site infrastructure works (previously paid)	£117,000.00
Section 75 Payments	
Additional accommodation at Law Primary School and realignment of Haddington Road, North Berwick	£232,608.00
Additional accommodation at North Berwick High School	£92,814.00

Community pitch and changing facility	£21,013.00
Pedestrian Safety Contribution	£3,090.00
<b>TOTAL</b>	<b>£2,881,692.00</b>

The total development cost per unit is £160,094.00, which is relatively high compared to other recently approved Council housing projects (\* see below). This is partly due to the Section 75 Planning Contribution requirement for schools and other community facilities, which is higher for Russell Walk than it is for other recently approved Council housing projects, at £19,418 per unit.

It should also be noted that the housing scheme proposed at Russell Walk incorporates a high proportion of larger units giving a bed space average of 4.6. This is reflected in the 3 person equivalent, which uses adjusting factors produced by the Scottish Government allowing a more level comparison of costs between housing projects containing units of different sizes (\* see below).

The works cost only for Russell Walk is considered by the council's Quantity Surveyor to represent good value for money, at £1,309.00 per m2 of GFA.

\* The below table contains the information referred to above. Note: Figures below are not adjusted for inflation.

Project	Date of tender acceptance	Cost per m2 GFA		Cost per unit	
		Actual	3p equiv.	Actual	3p equiv.
Law View	August 2012	£1,614	£1,585	£140,704	£138,216
Nethershot Road	January 2013	£1,487	£1,536	£108,556	£112,145
Rotary Court	May 2013	£1,577	£1,577	£115,088	£115,088
Monktonhall Tce	Dec 2013	£2,084	£2,029	£153,978	£149,930
Hallhill	June 2015	£1,722	£1,648	£123,169	£117,865
Russell Walk	Anticipated September 2016	£1,743	£1,543	£160,094	£141,802

Land acquisition was approved by Cabinet on 23 March 2016.

This expenditure will be contained within the budget allocated for New Affordable Housing in the Council's Capital Investment Plans for 2015/2016, 2016/2017, 2017/2018 and 2018/2019

The total and forecast project expenditure for past, current and future financial years is as follows:

<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
£322,000.00	£777,025.00	£1,750,051.00	£32,616.00

7.2 Personnel – None.

7.3 Other – None.

## **8 BACKGROUND PAPERS**

8.1 Report to Cabinet dated March 2016 “Purchase of a site for Affordable Housing at Newhouse Farm, North Berwick”

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