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Document Title	Housing at Osbourne Terrace, Cockenzie

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Additional information:

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Designation	Head of Development
Date	14/05/18

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REPORT TO: Members' Library Service

MEETING DATE:

BY: Depute Chief Executive – Partnerships and Community Services

SUBJECT: Proposed New Housing at Osborne Terrace, Cockenzie

1 PURPOSE

- 1.1 To note the decision to award the contract for the Proposed New Council Housing at Osborne Terrace Cockenzie, to Messrs Gordon Guthrie Contracts Ltd, Edinburgh.

2 RECOMMENDATIONS

- 2.1 Cabinet is asked to note the decision of the Head of Development in consultation with the Head of Council Resources, to accept Messrs Gordon Guthrie Contracts Ltd tender amounting to £810,120.58 after checking, and noting that it is open for consideration until 2nd July 2018, for the Proposed New Housing at Osborne Terrace Cockenzie.

3 BACKGROUND

- 3.1 The Council is proposing to develop for housing a former Council Ground Care Depot site located at Osborne Terrace, Cockenzie. The proposed development of 6Nr flats is part of the Council's new affordable housing programme.

The proposed housing mix is:-

4 person 3 apartment general needs flat - 3Nr

3 person 3 apartment disabled flat - 3Nr

3.2 Tender Documents were issued to the contractors on Lot 1 of the Council's Framework of Contractors for Council Housing, and the following 4Nr offers was duly received. One of the 6Nr contractors on the framework declined to tender.

Ref	Contractor	Tender Amount Before Checking	Tender Amount After Checking	Lowest Checked Tender Amount
1	Gordon Guthrie Contracts Ltd, Edinburgh	£810,120.58	£810,120.58	<u>£810,120.58</u>
2	Morris & Spottiswood, Edinburgh	£857,294.74	£857,294.74	
3	Esh Construction, Livingston	£876,871.00	£876,871.00	
4	JB Bennet (Contracts) Ltd, Glasgow	£906,699.20	Not Checked	
5	Hadden Construction Ltd, Auchterarder		Withdrew	

3.3 As indicated at 3.2, Messrs Gordon Guthrie Contracts Ltd's tender amounting to £810,120.58 after detailed checking is the lowest 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 Gordon Guthrie Contracts Ltd.

3.4 Messrs Gordon Guthrie Contracts Ltd have proposed the following list of Sub-Contractors:-

Electrical – Apex, Edinburgh

Painterwork – All Dec, Edinburgh

Roofing – R&R Roofing, Edinburgh

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 36 weeks overall from the date of possession.

4 COMMUNITY BENEFITS IN PROCUREMENT (CBIP)

4.1 Gordon Guthrie Contracts 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 Integrated Impact Assessment has been completed and submitted.

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 6Nr new housing units will not exceed £995,447, and can be itemised as follows:

Category	Estimated Costs (£)
Construction& design/ Contract Costs	£810,121
Internal ELC Professional Fees & Expenses (Employers Agent and Clerk of Works)	£17,716
External Consultants Professional Fees & Expenses (CDMC and Site Investigation costs)	£10,755
Land Purchase Costs (previously paid)	£130,000
Service Disconnections	£4,047
Asbestos Survey & Removal Costs	£18,296
Section 75 Payments	£4,512
TOTAL	£995,447

The total development cost per unit is £165,908 (£158,764 3P equivalent), which is expensive in comparison to other recent ELC Developments noted below.

However the internal land purchase from Services of £130K, with an additional £18K to remove asbestos and £4.5K to disconnect services, equates to over £25K per property. Deducting these from the costs makes the price paid more reasonable in comparison to recent developments. It

should also be noted that the small scale of this development (6 units) means that it does not benefit from economies of scale and therefore the construction cost is relatively high on a per unit or per m2 basis.

* 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.
Dovecot Phase 2 Haddington	March 2018	£1,746	£1,685	£113,982	£110,021
Dolphingstone Farm	March 2018	£2,249	£2,064	£131,390	£120,541
Mains Farm, North Berwick	September 2016	£1,883	£1,702	£139,338	£125,927
Russell Walk, North Berwick	September 2016	£1,743	£1,543	£160,094	£141,802
Gilsland, North Berwick	October 2015	£1,732	£1,695	£117,750	£115,215

This expenditure will be contained within the budget allocated for New Affordable Housing in the Council's Capital Investment Plans for 2017/2018, 2018/2019, 2019/2020 and 2020/2021.

7.2 Personnel – None.

7.3 Other – None.

8 BACKGROUND PAPERS

8.1 None

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