

ANGUS COUNCIL

COMMUNITIES COMMITTEE –16 AUGUST 2016

ROOF REPLACEMENT & EXTERNAL WALL INSULATION TO DORRAN HOUSES, LANDWARD AREAS, ANGUS – TENDER REPORT FOR HOMOLOGATION

REPORT BY HEAD OF TECHNICAL AND PROPERTY SERVICES

ABSTRACT

Report on tenders received and seeking the homologation of the decision and recommendation of acceptance where the lowest acceptable tender exceeds the Chief Officer's procurement delegated authority limits contained in section 16.8.1 of Financial Regulations

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:

- (i) homologate the decision taken by the Head of Technical and Property Services in consultation with the Strategic Director – Communities and the Convener of the Communities Committee to approve the acceptance of the lowest acceptable tender for the roof replacement and external wall insulation to Dorrans Houses at various landward areas from Everwarm Ltd., in the amount of £588,398.74;
- (ii) approve the estimated total cost of £644,261 (at out-turn prices);
- (iii) note that the total cost of this project of £644,261 will be fully funded from the HRA Capital budget. The Housing Financial Plan will be updated to reflect the revised costs at its next review; and
- (iv) note the financial implications included in Section 6 of this report.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

2.1 This report contributes to the following local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- We have a sustainable economy with good employment opportunities
- Our communities are developed in a sustainable manner
- Our carbon footprint is reduced

3. BACKGROUND

3.1 This project forms part of the HRA Energy Saving programme as contained in the HRA Financial Plan 2015/2019 which was approved by the Communities Committee on the 9 February 2016 (Report No 46/16).

4. CURRENT POSITION

4.1 Tender documents were issued for the following works:

- Removal of existing concrete roof tiles and replacement with a new sheet tile finish together with all trims;
- Upgrading of insulation in the roof space;
- Replacement rainwater goods, fascias, soffits and bargeboards;
- Application of a new external insulated render system to all external walls together with alterations to services.

4.2 Based on initial estimated costs Property's procedures for selecting tenderers for contracts under £500,000 in value were followed. Tenderers who had previously indicated that they wished to work with Angus Council were considered and based on the information held on Constructionline, their Health and Safety information and performance, six tenderers were selected.

4.3 Tender documents were issued to the six selected contractors through the Public Contracts Scotland (PCS) website portal. The tenders were lodged electronically on the PCS portal on Friday 13 May 2016.

4.4 The tenders received, after checking the three lowest offers, were as follows:

Contractors Name	Tender Amount	Amount after Checking
Everwarm Ltd., Bathgate	£588,398.74	£588,398.74
AFS (Scotland) Ltd., Stirling	£603,656.69	£603,656.69
Turner Facilities Management Ltd., Glasgow	£674,797.76	£674,797.76
Andrew Shepherd Construction Ltd., Forfar	£678,725.76	Not Checked
SERS Energy Solutions Ltd., Dalkeith	No offer received	
SSE (Contracting) Ltd., Aberdeen	No offer received	

4.5 The lowest acceptable tender is approximately £113,000 higher than the original cost estimate for the works of £480,000. The cost was based on tenders received in October 2014 for the same type of works to the Dorrans Houses, previously carried out to cottages in Pitkenedy. These costs were updated to allow for inflation and the final cost indicated that the tender returns would be below the £500,000 delegated authority limit. Due to the availability of detailed rates the original cost was deemed to be robust and the lowest tender return was anticipated to be within 5% of the cost.

4.6 An investigation of the tender figures identified that the increase in costs mainly related to the roofing installation in the amount of £90,000 and to the plumbing installation in the amount of £15,000. The plumbing cost increase was due to additional replacement of external pipework which was not included in the original cost. A detailed investigation of the roofing costs was carried out which noted that there was an increase 250% in the lowest tenderers equivalent rates compared to the original cost estimate. When the tendered rates were analysed, although the original contractor had managed to carry out the work previously at the lower rates, the rates in the current tender are considered to be fair and reasonable based on the material and installation costs. It was concluded that the rates on which the cost was based may have been unusually low due to a commercial decision on pricing taken by the contractor at the time. This has unfortunately resulted in the receipt of tenders over the £500k delegated authority limit.

4.7 No offers were received from SERS Energy Solutions Ltd and SSE (Contracting) Ltd, Both tenderers have been contacted to provide reasons why they have not submitted an offer. We have not received a reply from either of these tenderers at this time.

4.8 Based on a direct comparison of the tenders received the level of pricing contained within the lowest acceptable offer is considered to be fair and reasonable having regard to the nature, specification and extent of the work involved.

5. ESTIMATED TOTAL COST

5.1 The estimated total cost of this project, based on the lowest tender is as follows:

Lowest acceptable tender amount	£588,399
Allowance for professional fees, supervisory, travel and administrative expenses	£50,862
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	£639,261
Allowance for statutory payments and sundry expenses	£5,000
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Estimated total cost (at out-turn prices)	<u>£644,261</u>

6. FINANCIAL IMPLICATIONS AND ALLOWANCE IN ESTIMATES

6.1 Overall the total additional cost for this project amounts to £44,261 compared to the estimated total cost of £600,000 included in the HRA Energy Saving programme which is contained in the HRA Financial Plan 2015/2019 (approved by the Communities Committee on the 9 February 2016 Report No 46/16 refers). This is an increase of approximately 7% over the original budget allowance.

6.2 The HRA Financial Plan will be updated at its next review to accommodate the increase in cost of £44,261 for these works. The additional funding will be met from an adjustment to the existing unallocated 'Energy Saving/ Upgrading Buildings' budget allowance of £3,200,000 in 2017/18 contained in the HRA Financial Plan Energy Saving programme.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Communities Committee 09/02/16 Report No 46/16 – 2016/2017 Housing Revenue Account Estimates

REPORT AUTHOR: IAN COCHRANE, HEAD OF TECHNICAL AND PROPERTY SERVICES
EMAIL DETAILS: CommunitiesBusinessSupport@angus.gov.uk