

REPORT TO: HOUSING COMMITTEE - 24 SEPTEMBER 2012

REPORT ON: ANN STREET/NELSON STREET COUNCIL NEW BUILD HOUSING

REPORT BY: DIRECTOR OF HOUSING/CITY ARCHITECT

REPORT NO: 375-2012

1.0 PURPOSE OF REPORT

This report details the outcomes from tenders received for the completion of the new build development at Ann Street/Nelson Street following on from the previous contractor, WH Brown entering into receivership, and requests a decision on acceptance thereof.

2.0 RECOMMENDATIONS

Approval is recommended of (1) the acceptance of the tender submitted by Muirfield (Contracts) Ltd and (2) the under noted total amount, including allowances and incurring estimated additional expenditure of approximately £198,930.75.

Project	Contractor	Tender Amount	Total Amount	Finance Available
Ann Street / Nelson Street - New Build Housing	Muirfield(Contracts) Ltd.' Dundee	£966, 333.76	£1,002,033.76	£1,002,034.00

3.0 FINANCIAL IMPLICATIONS

The additional expenditure will be met from the approved HRA capital budget 2012/13 to 2016/17.

4.0 RE TENDER OF ANN STREET NEW BUILD

4.1 The Housing Committee on 22nd August 2011 approved report nr. 388-2011 to accept a tender from W H Brown Construction (Dundee) Ltd. to undertake construction of 12 flats on the Council owned vacant corner site in Ann Street/ Nelson Street. Unfortunately in August 2012 the Council was advised that W H Brown Construction were in receivership and that the receiver was not looking to complete works on this contract. Work has therefore halted and temporary security arrangements have been put in place.

4.2 The current phase of the construction had necessitated closure of the road junction at Ann Street/ Nelson Street and extensive consultation was undertaken with the local primary school to make alternative access arrangements during the construction of the flats. The Road Closure agreement will continue to run until the major construction elements are completed and therefore any delays in completing the project will have an additional impact on the surrounding community as well as delays in letting the properties and loss of rental income. To expedite completion of the works negotiations were entered into with the second and third placed contractors under the original tendering process, respectively Muirfield (Contracts) Ltd., Dundee and Hadden Construction Ltd., Aberuthven. Both contractors have now submitted revised tenders to complete the remaining elements of the build and an estimated construction programme.

Revised Programme of Works

	Muirfield (Contracts) Ltd	Hadden Construction Ltd
Site Mobilisation	1 week	2 weeks
Proposed Target Completion	30 weeks	38 weeks
Total	31 weeks	40 weeks
Impact on Rental Income	0	- 9 weeks

Re Tender of Works

	Muirfield (Contracts) Ltd	Hadden Construction Ltd
Proposed Target Completion	31 weeks	40 weeks
Revised Tender to Completion	£966,333.76	£960,326.65
Paid to WH Brown	£456,340.00	£456,340.00
TOTAL	£1,422,673.76	£1,416,666.65
Omit Initial Contract Sum	£1,245,753.01	£1,245,753.01
	£176,920.75	£170,913.64
Omit WH Brown Retention	£13,690.00	£13,690.00
Additional Costs	£163,230.75	£157,223.64

Additional Cost to Contract

	Muirfield (Contracts) Ltd	Hadden Construction Ltd
Additional Costs	£163,230.75	£157,223.64
Loss of Rental Income (9 weeks @£85.00 x 12 units)	-	£9,180.00
Total Additional Cost	£163,230.75	£166,403.64

As detailed above when the re tender costs are adjusted to include the timescale for completion of the works, the tender from Muirfield (Contracts) Ltd results in the best option due to earlier occupation of the flats and additional rental income. In conjunction with the previous quality of work delivered by Muirfield on the Council New Build programme and their commitment to take on both apprentices and contract staff from the Brown Construction team it is recommended that acceptance of the tender from Muirfield Contracts is in the best interest of the Council.

4.3 The retender process has also resulted in additional works for the Design Team managed through Hillcrest Enterprises Ltd in relation to quantity surveying services. An additional fee allowance of £10,700 and contingency allowance of £25,000 is required to cover costs associated with these negotiations and processes.

4.4 The overall delay in completion of the project will not impact on the claim to the Scottish Government for Grant Funding which will still be submitted in 2012/13 Financial year.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive, Director of Corporate Services and Head of Democratic and Legal Services have been consulted on this report. No concerns have been expressed.

7.0 BACKGROUND PAPERS

Housing, Dundee Contract Services and Environment Services Committee Report Nr. 228-2010, 26th April 2010 - Scottish Government £25m. Funding to Kick Start Council House Building 3rd Round 2010/11 - Dundee City Council Bid.

Housing, Dundee Contract Services and Environment Services Committee Report Nr. 12-2011, 10th January 2011 - New Build Council Housing - 3rd Round Scottish Government Funding to Kick Start Council House Building 2010/11.

Housing Committee Report Nr 388-2011 22nd August 2011 - Tenders Received.

Elaine Zwirlein
DIRECTOR OF HOUSING

September 2012

Rob Pedersen
CITY ARCHITECT