

REPORT TO: NEIGHBOURHOOD SERVICES COMMITTEE – 11 SEPTEMBER 2017

REPORT ON: HILLTOWN REGENERATION – REDEVELOPMENT OF DERBY STREET

REPORT BY: CHIEF EXECUTIVE

REPORT NO: 250-2016

1 PURPOSE OF REPORT

- 1.1 The report describes the procurement and tendering process used for the new build affordable housing development at Derby Street, Hilltown and seeks approval of the price and allowances.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee approves the acceptance of the tender price submitted by Wilmott Dixon Construction Limited in the amount, including fees and allowances, of £26,182,316.55.

3 FINANCIAL IMPLICATIONS

- 3.1 The Executive Director of Corporate Services advises that the total cost of £26.182m can be met from the allowances for Increased Supply of Council Housing that are included within the latest estimates for the Housing HRA Capital Plan 2017-22. The overall cost will be offset by Scottish Government Affordable Housing Grant, which is also assumed in the above estimates. There is commitment within the Fleming Trust's budgeted resources for the necessary funding for the Fleming Trust units. Hillcrest Housing Association Ltd has approved the necessary capital plan provision along with Scottish Government Affordable Housing Grant.

4 BACKGROUND

- 4.1 Reference is made to the Housing Committee Report 16-2016, Article III, when Committee agreed to procure the construction of the new build affordable housing at Derby Street from Wilmott Dixon Construction Limited under the SCAPE Framework with the performance obligations of the contract sub-contracted to Robertson Construction Group Ltd. Report 118-2017 approved the Council entering into a Delivery Agreement with Willmott Dixon.
- 4.2 The site has capacity for 163 units and the new build housing will be provided by Dundee City Council (Phase 1, comprising 83 units) and Hillcrest Housing Association Ltd (Phase 2, comprising 80 units).
- 4.3 Using the SCAPE Framework, the specification and design for the new housing development was produced by Dundee City Council and Hillcrest Housing Association Limited along with Collective Architecture and the tender price built up using open book tendering for all work packages, with fixed management fees, overheads and profit for the lead contractor. An independent benchmarking exercise has been carried out by Langmuir and Hay, Construction Consultants, which confirms the tender price represents value for money.
- 4.4 Given the operation of the SCAPE Framework it has been determined, given the Council is the first party to commence the development with Phase 1, that the Council should be the lead developer. Committee approval is sought to remit the Head of Democratic and Legal Services to enter into a suitable Development Agreement with Hillcrest Housing Association Limited in order to deliver the necessary Legal and Financial arrangements to protect the Council's position.

- 4.5 The works comprise the construction of 163 new build affordable properties designed to Housing for Varying Needs standards and associated works. The table below contains the proposed housing mix.

Property Type and Size	Total Number of Units	Hillcrest Housing Association	Dundee City Council Units
One bedroom general needs flats	11	4	7
Two bedroom general needs flats	74	54	20
One bedroom wheelchair flats	5	0	5
One bedroom community care flats	8	0	8
One bedroom cottage flats	5	2	3
Two bedroom wheelchair flats	4	0	4
Two bedroom community care flats	10	0	10
Two bedroom cottage flats	6	2	4
Three bedroom wheelchair bungalows	2	0	2
Four bedroom wheelchair	3	0	3
Two bedroom general needs houses	8	3	5
Three bedroom general needs houses	10	10	0
Four bedroom general needs townhouses	17	5	12
Total	163	80	83

- 4.6 The Fleming Trust is implementing a new build programme of £2 million (Committee Report 306-2015, Article II(b), City Council as Fleming Trustees 14 September 2015 refers). On completion of the development properties it is proposed a specific part of the development including land and properties to the value of £2 million will be transferred to the Fleming Trust.

- 4.7 Dundee City Council's Community Benefits Through Procurement Policy seeks to maximise economic and social benefits from Council Procurement within the current legal framework through the provision of Community Benefits on all applicable contracts. The SCAPE Framework also requires Community Benefits to be realised. This contract is substantial and will produce Community Benefit concomitant with a tender of this value. Contractors and sub-contractors must pay the Living Wage.

Community Benefits	Minimum for the Project
School / college and university site visits (number of students)	945 students
School / college workshops (number of students)	630 students
University research project	37
Work experience under 18 (weeks)	116 weeks
Work experience over 18 (weeks)	116 weeks

Apprentices (existing)	420 weeks
Apprentices – project initiated (weeks)	210 weeks
NVQ qualification (numbers)	58
Short courses	1365

Monitoring of the Community Benefit commitments and targets will be carried out by with the lead contractor by Dundee City Council's Community Benefits Officer and will be reported on a regular basis.

4.8 The total projected costs for the new build housing are made up as follows:

	Dundee City Council £	Hillcrest HA Ltd £	Total Cost £
Substructure	986,401.85	929,786.16	1,916,188.00
Superstructure	4,317,879.40	4,070,049.64	8,387,929.04
Internal finishes	617,734.72	582,279.12	1,200,013.84
Fittings and equipment	223,105.55	199,844.09	422,949.64
Services	1,544,583.01	1,121,229.05	2,665,812.06
Demolition (Butterburn Square)	284,509.44	Nil	284,509.44
External works	3,490,820.45	3,388,253.58	6,879,074.67
Main contractor's preliminaries	1,507,520.41	1,421,589.68	2,929,110.09
Project, design team fees	487,115.86	460,094.22	976,105.57
Other development, project costs	215,964.28	203,568.76	419,533.04
Scape fee	68,476.67	61,509.98	129,986.65
Totals	13,744,111.96	12,438,204.59	26,182,316.55

5 POLICY IMPLICATIONS

5.1 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 CONSULTATIONS

6.1 The Council Management Team were consulted in the preparation of this report.

7 BACKGROUND PAPERS

7.1 None.

David Martin
Chief Executive

31 August 2017

