



**REPORT TO POLICY & RESOURCES COMMITTEE – 13 JUNE 2013
HOUSING IMPROVEMENT FRAMEWORK CONTRACTS
LOT 1 – KITCHEN & LOT 2 – BATHROOM 2013/14 FRAMEWORK CONTRACTS**

- 1. It is recommended that the Committee:**
 - 1.1 Gives approval of the project costs for the following 2013/14 contracts inclusive of associated costs detailed in this report:**

Framework Lot

Lot 1 - Kitchen Upgrades

Contract 17534 – £872,997.23.

Contract 17537 – £898,204.15.

Lot 2 - Bathroom Upgrades

Contract 17536 – £771,292.51.

- 1.2 Authorises acceptance of the following 2013/14 construction contracts:**

Framework Lot

Lot 1 - Kitchen Upgrades

Contract 17534 in the sum of £796,667.54 to Robertson Construction Northern Ltd, Elgin

Contract 17537 in the sum of £819,463.69 to Muirfield Contracts Ltd, Aberdeen

Lot 2 - Bathroom Upgrades

Contract 17536 in the sum of £705,743.35 to Muirfield Contracts Ltd, Aberdeen

- 1.3 Authorises acceptance of the following 2013/14 design services:**

Framework Lot

Lot 1 - Kitchen Upgrades

Contract 17530 (part of – 70 properties) – in the sum of £9,940 to Robertson Construction Northern Ltd, Elgin

Contract 17530 (part of – 78 properties) – in the sum of £11,076 to Muirfield Contracts Ltd, Aberdeen

Lot 2 - Bathroom Upgrades

Contract 17535 – in the sum of £21,726 to Muirfield Contracts Ltd, Aberdeen

Contract 17533 – in the sum of £23,146 to Muirfield Contracts Ltd, Aberdeen

2 Background

- 2.1 The proposals form part of the Housing Stock Improvement works detailed in the Housing Revenue Account (HRA) Capital Programme 2012 – 15 approved by the Social Work and Housing Committee on 29 March 2012.
- 2.2 The proposed works comply with the HRA Business Plan. The proposals also comply with the aims and objectives detailed within the Aberdeenshire Local Housing Strategy and with the attainment of the Scottish Housing Quality Standard.
- 2.3 The nature of the work can be linked to Objective A: Community Wellbeing within Area Local Community Plans for 2010 - 2014.
- 2.4 The 13/14 programme of annual stock improvements was approved at the Banff and Buchan, Garioch, Marr, Buchan, Formartine and Kincardine and Mearns Area Committees in November and December 2012.
- 2.5 Following a rigorous Official Journal of European Union procurement process three framework contractors were selected to engage in a mini-bidding process for each kitchen and bathroom upgrade contract and this was approved at the Policy and Resources Committee on 9 June 2011. The procurement process was set up on the basis that all year 1 work would be tendered in competition with the option to negotiate all future works on the basis of previously tendered rates for the year 1 works. There are many benefits from negotiating future framework contracts as follows:
 - (i) Value for money obtained with contracts negotiated on previously tendered year 1 rates which have demonstrated lower unit costs than benchmarked with all framework contractors having signed up to the same unit rate.
 - (ii) More efficient use of officer and framework contractor resources during pre-construction and construction stages with work delivered over a longer period of time allowing better planning and programming of housing and property resources.
 - (iii) Certainty of work which allows framework contractors a greater opportunity to deliver community benefits and enhance the tenant experience with exhibitions and sample workshops.
- 2.6 The kitchen upgrades are within contracts 17530, 17534 and 17537 and comprise the removal of kitchen fitments within 469 existing houses across a number of settlements in Aberdeenshire, and their replacement with new fitments together with the associated plumber and electrical alterations, decoration and floor coverings.
- 2.7 The bathroom upgrades are within contracts 17533, 17535 and 17536 and comprise the removal of bathroom fitments within 471 existing houses across Aberdeenshire, and their replacement with new fitments together with the associated plumber and electrical alterations, decoration and floor coverings.

- 2.8 As part of its Waste & Resources Action Programme (WRAP) contractors are required to demonstrate that measures are in place to use, wherever possible, recycled materials, and to minimise/reduce the amount of waste being used in construction. It is a further requirement of the Council's policy on sustainability that construction waste is segregated and recycled and the burden on landfill is reduced. The Environmental Policy of the contractors selected ensures, through a regular audit and monitoring programme, that all activities are in compliance with the policy. This allows the contractor to provide details of the ultimate destination of all waste relevant to the contract.
- 2.9 The Housing Service has been consulted and had no comment to make.
- 2.10 The Head of Procurement and Procurement Business Partner within Corporate Services have been consulted and their comments have been factored into the report.
- 2.11 The Head of Finance has been consulted and notes that the tender amounts received are within budget.
- 2.12 The Monitoring Officer within Corporate Services has been consulted and had no comment to make.

3 Staffing, Financial and Equalities Implications

- 3.1 Kitchen upgrades were negotiated on the basis of previously tendered year 1 unit rates with the following framework contractors:

Robertson Construction Northern Ltd, Elgin
Apollo Property Service Group Ltd, Linwood
Muirfield Contracts Ltd, Aberdeen

Kitchen contracts were negotiated as follows:

| Framework Contractor | Number of units | Price inc design cost |
|--|-----------------|-----------------------|
| Contract 17534 Robertson Construction Northern Ltd, Elgin | 159 | £ 796,667.54 |
| Contract 17537 Muirfield Contracts Ltd, Aberdeen | 162 | £ 819,463.69 |

148 kitchens were due to be allocated to Apollo Property Service Group Ltd (APSGL), however, performance difficulties have been encountered in the delivery of the 2012/13 kitchens and negotiations on the 2013/14 works have been deferred until these issues have been resolved. The intention is to report the progress of the 2012/13 APSGL works together with the outcome of the 2013/14 APSGL negotiation to the 19 September 2013 Policy and Resources Committee.

3.2 The total cost breakdown of each kitchen contract is detailed as follows:

| Contract 17534 | | |
|---|---|----------------------|
| 1. Robertson Construction Northern Ltd, Elgin | | |
| a) Works Cost | | £ 775,997.54 |
| b) External Design Fee | | £ 20,670.00 |
| | Sub-total | £ 796,667.54 |
| 2. Internal Property Fees | | £ 76,329.69 |
| | Total | £ 872,997.23 |
| | Budget (Reported in to P&R Apr 2013) | £ 888,355.00 |
| | Saving | (£ 15,357.77) |

| Contract 17537 | | |
|--------------------------------------|---|----------------------|
| 1. Muirfield Contracts Ltd, Aberdeen | | |
| a) Works Cost | | £ 798,403.69 |
| b) External Design Fee | | £ 21,060.00 |
| | Sub-total | £ 819,463.69 |
| 2. Internal Property Fees | | £ 78,740.46 |
| | Total | £ 898,204.15 |
| | Budget (Reported in to P&R Apr 2013) | £ 910,287.72 |
| | Saving | (£ 12,083.57) |

The above equates to a unit cost of £5,517.76 per kitchen installation including abnormal costs which is slightly above the benchmark parameters provided by the Property Service to the Housing Service in June 2012 but within the budget reported to Policy and Resources Committee on the 18 April 2013. Due to the difficulties noted with APSGL the intention is to allocate the savings noted above to this contract to allow contingency measures to be taken to ensure all 13/14 kitchen upgrades are completed in advance of March 2014.

3.3 In order to progress the designs in respect of the APSGL kitchen contract 17530 and as a long term fall back position should improvements not be realised on the 2012/13 kitchen upgrade works it is proposed to appoint both Robertson Construction Northern Ltd and Muirfield Contracts Ltd to survey and design the 148 kitchen installations as follows:

| Contract 17530 | | |
|--|-------------------|-----------------|
| 1. Robertson Construction Northern Ltd – 70 addresses in Buchan | Survey and Design | £ 9,100 |
| | Mobile display | £ 840 |
| | Total | £ 9,940 |
| 2. Muirfield Contracts Ltd, Aberdeen – 78 properties in Formartine | Survey and Design | £ 10,140 |
| | Mobile display | £ 936 |
| | Total | £ 11,076 |

- 3.4 A benchmarking process has been undertaken to determine value for money in respect of the contractor survey and design services proposed and a recent tender for a similar scope of service resulted in an average cost per survey and design of £152/property. To date the contractors noted above have provided a good quality survey and design service for the council and have committed to delivering the same service at the lower cost of £130/property. The proposals include 2D and 3D designs and this should ensure that tenants understand the kitchen to be installed and minimise refusals resulting in a more collaborative and interactive approach to project delivery. An addition to the service noted both contractors are proposing to use a mobile display unit to allow tenants the opportunity to view the finished product at the time of survey and design. The cost of this service is £12/survey and is noted as a separate cost. It is proposed to fund this additional service from project contingencies.
- 3.5 Lot 2 Bathroom Upgrades were negotiated on the basis of previously tendered year 1 unit rates with the following framework contractors:

Apollo Property Service Group Ltd, Linwood
Muirfield Contracts Ltd, Aberdeen
Carillion Energy Services, Livingston

Kitchen contracts were negotiated as follows:

| Framework Contractor | Number of units | Price inc design cost |
|-----------------------------------|-----------------|-----------------------|
| Muirfield Contracts Ltd, Aberdeen | 155 | £ 819,463.69 |

153 and 163 bathrooms were due to be allocated to APSGL and Carillion Energy Services Ltd, Livingston (CESLL), however, performance difficulties have been encountered in the delivery of the 2012/13 bathrooms and negotiations on the 2013/14 works have been deferred until these issues have been resolved. The intention is to report the progress of the 2012/13 works together with the outcome of the 2013/14 APSGL negotiation to the 19 September 2013 Policy and Resources Committee.

- 3.6 The total cost breakdown of the bathroom contract recommended within this report is detailed as follows:

| | | |
|--------------------------------------|---|---------------------|
| 1. Muirfield Contracts Ltd, Aberdeen | | |
| a) Works Cost | | £ 685,593.35 |
| b) External Design Fee | | £ 20,150.00 |
| | Sub-total | <u>£ 705,743.35</u> |
| 2. Internal Property Fees | | £ 65,549.17 |
| | Total | £ 771,292.51 |
| | Budget (Reported in to P&R Apr 2013) | £ 772,709.10 |
| | Saving | (£ 1,416.59) |

The above equates to a unit cost of £4,976.08 per bathroom installation including abnormal costs which is substantially within the benchmark parameters provided by the Property Service to the Housing Service in June 2012 of £5,400/installation and is within the budget reported to Policy and Resources Committee on the 18 April 2013.

- 3.7 In order to progress the designs in respect of the APSGL and CESLL bathroom contracts and as a long term fall back position should improvements not be realised on the 2012/13 upgrade works it is proposed to appoint Muirfield Contracts Ltd to survey and design the 316 bathroom installations as follows:

| | | |
|--|-----------------|-----------------|
| Contract 17535 – 153 properties | Survey & design | £ 19,890 |
| | Mobile display | £ 1,836 |
| | Total | £ 21,726 |
| Contract 17533 – 163 properties | Survey & design | £ 21,190 |
| | Mobile display | £ 1,956 |
| | Total | £ 23,146 |

- 3.8 The expenditure being proposed can be met from the HRA Stock Improvements 13/14 budget.
- 3.9 The works will be managed by the Council's Property Team together with external support as noted above.
- 3.10 There are no direct staffing implications arising from this report.
- 3.11 An Equality Impact Assessment was not required because the recommended actions will not have a differential impact upon people with protected characteristics.

Stephen Archer
Director of Infrastructure Services