

Finance and Resources Committee

10.00 am., Thursday 15 January 2015

Refurbishment Works at Castlebrae Business Centre Award of Contract – Update Report

Item number	7.20
Report number	
Executive/routine	Executive
Wards	17 – Portobello/Craigmillar

Executive summary

At the Finance & Resources Committee on 30 September 2014, delegated authority was granted to the Director of Services for Communities, in consultation with the Convener and Vice Convener of the Finance and Resources Committee, to appoint the contractor which submits the most economically advantageous bid to deliver the refurbishment works at Castlebrae Business Centre.

Committee also requested an update on progress in respect of the contract award, which is the purpose of the report.

Links

Coalition pledges	P03
Council outcomes	C01 and C02
Single Outcome Agreement	S03

Refurbishment Works to Castlebrae Business Centre Delegated Authority for Award of Contract

Recommendations

It is recommended that Committee:-

- 1.1 Notes the content of this report and the award of the contract to deliver the Castlebrae Business Centre Project to GHI Contracts Limited.

Background

- 2.1 Castlebrae Business Centre comprises the former Castlebrae High school, which is a category B listed building. It is leased to Cre8te as a business incubator for 50 years from 1 April 1995 at a passing rent of £50,000 per annum.
- 2.2 The condition of the building has deteriorated over the years with use and capacity rapidly decreasing. Currently, the building is only 60% occupied with 40% of the building incapable of use due to the level of damage to the building fabric. Grant funding has been awarded by the Scottish Government Regeneration Capital Grant Fund (£1.9m) and Historic Scotland Building Repair Grants Scheme (£500k) to undertake the necessary restoration and repair works required to bring the building back into full use.
- 2.3 At its meeting on 29 April 2014, the Economy Committee approved revised lease terms and a contribution to the repairs of £200k, which would be matched by Cre8te, creating a total fund for investment of £2.8m. This report was ratified by the Finance and Resources Committee on 7 May 2014.
- 2.4 On 30 September 2014, the Finance and Resources Committee granted delegated authority to the Director of Services for Communities, in consultation with the Convener and Vice Convener of the Finance and Resources Committee, to appoint the contractor which submitted the most economically advantageous bid to deliver the refurbishment works at Castlebrae Business Centre.
- 2.5 The Committee also requested an update once the contract had been awarded which is the purpose of this report.

Main report

- 3.1 Following consultation with Commercial and Procurement Services, Corporate Property identified the most appropriate route to procure the contractor to

undertake the works was to undertake a mini competition on the London Housing Consortium (LHC) Scotland framework for general refurbishment.

3.2 The LHC Scotland framework for general refurbishment was awarded to six organisations on the 1 July 2013. The means of award on the framework were based on 80% quality and 20% price and allow for individual projects to be tendered separately via mini competitions.

3.3 Commercial and Procurement Services published the Mini Competition on the eProcurement Portal Public Contracts Scotland www.publiccontractsscotland.gov.uk. The following six contractors on the LHC Framework were invited to submit tenders:

- Ogilvie Construction Limited
- GHI Contracts Limited
- Morgan Sindall
- Styles and Wood
- Mansell Construction Services Limited (Balfour Beatty)
- Kier Construction

3.4 Three of these contractors submitted Tenders:

- Ogilvie Construction Limited
- Balfour Beatty
- GHI Contracts Limited

3.4 The Contract was tendered on the basis that it would be awarded to the Contractor which submitted the most economically advantageous tender with 20% evaluation score given to quality and 80% given to price. The tender prices are detailed below.

Bidder	Quality Score	Price Score	Total Score
GHI Contracts Ltd	12.5%	80%	92.5%
Bidder 2	15.7%	74.8%	90.5%
Bidder 3	13%	62.7%	75.5%

- 3.6 GHI Contracts Limited was the Council's Preferred Bidder, submitting a Tender price of £2,623,279.50. A value engineering exercise was required to make savings of approximately £200,000 to bring the construction costs back in line with the available construction budget of £2,450,000. This exercise is now complete and the contract awarded with works commencing on site in January 2015.

Measures of success

- 4.1 Delivery of the refurbishment of Castlebrae Business Centre on time, within budget and to a design specification which meets all related requirements.

Financial impact

- 5.1 As the project is grant funded there are no direct financial implications on the Council other than the contribution previously approved by the Economy Committee and ratified by Finance and Resources.
- 5.2 The costs associated with procuring this contract are estimated at £25,000.

Risk, policy, compliance and governance impact

- 6.1 There are no negative risk, policy, compliance and governance impacts arising from this report.

Equalities impact

- 7.1 The proposals will have a positive impact on the Council's compliance with the specific public sector equality duties by enabling Cre8te to increase their work with the local community and bring minority groups into the labour market including Black, Asian and Minority Ethnic Groups, individuals with mental health issues, young people, people with disabilities and older people.
- 7.2 A potential negative impact which is linked to poverty may arise from increased market rental charges within the asset. Whilst this will not affect Cre8te's business incubator services, it will mean that those wishing to occupy the premises will need to pay more than previously. It is considered that the improvements to the accommodation and increased availability of accommodation resulting from the proposals help mitigate the negative impact of increased rentals.
- 7.3 By enabling Cre8te to provide more accommodation of a higher quality, the proposals will enhance the right to productive and valued activities. Other rights

which may be enhanced are the rights to standard of living, identity, expression and respect and health.

Sustainability Impact

- 8.1 There are no negative sustainability impacts arising from this report. The refurbishment of the building will provide for its sustainable future.

Consultation and engagement

- 9.1 Extensive consultation and engagement has been undertaken with the Chief Executive of Cre8te Opportunities throughout the process.

Background reading/external references

[Report to the Finance and Resources Committee on 30 September 2014.](#)

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Links

Coalition pledges	P3 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools.
Council outcomes	CO1 - Our children have the best start in life, are able to make and sustain relationships and are ready to succeed. CO2 - Our children and young people are successful learners, contribution to their communities.
Single Outcome Agreement	S03 - Edinburgh's children and young people enjoy their childhood and fulfil their potential.
Appendices	None.