

REPORT TO: NEIGHBOURHOOD REGENERATION, HOUSING & ESTATE MANAGEMENT COMMITTEE – 23 JUNE 2025

REPORT ON: TENDERS RECEIVED BY HEAD OF DESIGN AND PROPERTY – BLACKNESS HOUSING DEVELOPMENT

REPORT BY: EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES AND EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 197-2025

1 PURPOSE OF REPORT

- 1.1 This report details tenders received and seeks approval on acceptance thereof.

2 RECOMMENDATION

- 2.1 It is recommended that Committee approve the acceptance of the tender submitted by the undernoted contractor as set out in the report, with the total amount, including allowances detailed in Appendix 1.

3 SUMMARY OF PROJECTS TENDERED

- 3.1 Tenders have been received by the Design and Property Division in relation to the projects detailed below.

Architects Projects - Reference and Description	Contractor
Blackness Road – Development of 24 flats	Clark Contracts Limited

4 FINANCIAL IMPLICATIONS

- 4.1 The Executive Director of Corporate Services has confirmed that the overall cost of the project would be £8.526m and this would be met from the Housing HRA Element, Increased Supply of Council Housing of the Build Resilient and Empowered Communities section of the approved Capital Plan 2025-2030. As noted in paragraph 4.5, £1.255m of this has been incurred to date on fees and other costs and is included within the overall £8.526m.

- 4.2 Acceptance of the tender would result in further costs of up to £7.271m as detailed below:

Table 1

Expenditure	£m
Contract	5.968
Non-contract Allowances	0.900
Fees	0.403
Total	<u>7.271</u>

Table 2

Funded By	£m
Scottish Government – Affordable Housing Investment Grant (provisionally agreed)	2.326
Council Tax Second Homes Reserve	1.000
Borrowing	3.945
Total	<u>7.271</u>

- 4.3 It should be noted the expenditure on non-contract allowances of £0.900m is an estimate and may not be required in full. The funding includes a contribution of £1.000m from the Council

Tax Second Homes Reserve. This reserve has accumulated through the reduction of discounts and application of surcharges on second homes and empty properties. This reserve is earmarked to support expenditure related to affordable homes and activities aimed to reduce the number of empty homes in the city. It is noted the balance of this fund as at 31 March 2025 amounted to £2.458m.

- 4.4 The net revenue cost implications associated with this development will be funded from the Housing Revenue Account budget in future years.
- 4.5 In the event this tender was not accepted, and the decision was taken not to proceed with the project, the costs incurred to date of £1.255m would no longer be eligible to be capitalised and would require to be written off immediately. These costs would likely require to be written off against the HRA Renewal and Repair Fund. It is noted the balance of this fund as at 31 March 2025 amounted to £3.193m, of which £0.667m is committed for specific purposes.
- 4.6 It should also be noted that if the project did not proceed, further costs would be incurred amounting to approximately £0.700m. These would be a permanent elevational treatment works on the gable wall of the building adjacent to the demolition site and environmental improvements. These costs would require to be funded from the Housing HRA Capital Plan 2025-30 and met from future borrowing. If appropriate, a further report would require to be brought to members outlining more detail of these costs once known.

5 BACKGROUND

- 5.1 As set out within the Dundee Strategic Housing Investment Plan (SHIP), it is recognised that there are housing pressures locally, driven by a combination of population growth, increasing homelessness, changing household structures, and economic pressures. Rising private rental costs and waiting lists for social housing have further intensified the pressure on low- and middle-income households. These challenges underscore the need for increased investment in affordable housing developments to ensure that all residents have access to secure, energy efficient-, and sustainable homes that meet their needs now and in the future.
- 5.2 Furthermore, as part of our ongoing commitment as set out within the Dundee SHIP, Dundee City Council looks to ensure that wheelchair accessible properties are available to meet the needs of our community. It aligns with the Planning for Excellence for Social Care strategic plan, which identifies the need for wheelchair accessible housing which contributes to avoiding delayed hospital discharge. Currently, there are 76 applications for wheelchair accessible properties on our waiting list, which indicates the demand for these types of properties. The proposed new build development at Blackness Road is set to include six adapted properties, which will support our overall efforts in addressing this demand and providing suitable housing for those in need.
- 5.3 Reference is made to Article II of the minute of the meeting of the Neighbourhood Regeneration, Housing and Estate Management Committee held on 2 September 2024 when the Committee considered Report No 224-2024 and approved the sourcing strategy for the tender exercise of 24 Flats at Blackness Road.
- 5.4 A two-stage competitive tender procurement exercise was carried out in line with the Sourcing Strategy. The bidders who met the 'must have' requirements of the Single Procurement Document (SPD) in stage 1 were invited to submit a tender. The officer review has concluded that the tender submission meets the best value possible based on the current market conditions for the size, scale, complexity and duration of the construction programme.

6 PROJECT PROPOSALS

- 6.1 The Blackness New Build Affordable Housing project will consist of 24 flats designed to address the pressing demand for secure, energy-efficient, and sustainable accommodation. The development includes six wheelchair-accessible properties, ensuring inclusivity and meeting the needs of residents requiring wheelchair accessible housing. The design follows the

traditional tenement form of the surrounding area, utilising enhanced foundation detailing and retaining wall structures to overcome site constraints. The housing will feature modern insulation and efficient heating system comprising a hybrid air source heat pump with gas boiler booster for back up during long periods of colder weather. This provides tenants with reduced energy consumption and increased comfort for residents. This initiative aligns with Dundee City Council's commitment to providing affordable homes and supporting the wider community.

6.2 Site Constraints

- a The design for the proposed scheme follows the traditional tenement form of the surrounding area. Accordingly, there is restricted space around the development for construction, and this influences the building form, site logistics, methods of building and duration of construction programme.
- b The site constraints heavily influenced design solutions with emphasis on enhanced foundation detailing and retaining wall structures to provide a platform for constructing the flats. Combined with restricted site operating space adds to the base costs for development of the flats.
- c Works associated with utility and drainage connection to the brownfield site also contribute to the sequencing of programming works and associated high costs.

6.3 Affordability

- a Reference is made to Article II of the minute of the meeting of the Housing, Dundee Contract Services and Environment Services Committee held on 25 October 2010 when the Committee considered Report No 629-2010 which advised on the rent setting process and levels for the properties within the Council's new build programme. For a newbuild 2-bedroom flat, the current average weekly rent will range between £105.00 and £121.00. This is compared to the overall DCC average weekly rent of £88.49. Approximately 73% of Council tenants are recipients of either Housing Benefit or Universal Credit Housing Costs.
- b Households moving into newer, energy-efficient homes can expect significant energy savings, both in terms of cost and environmental impact. These modern homes are typically built to higher insulation standards and incorporate more efficient heating systems. As a result, residents benefit from reduced heat loss, lower energy consumption, and more stable indoor temperatures throughout the year. Over time, these efficiencies translate into lower utility bills and a smaller carbon footprint, making energy-efficient homes not only more comfortable but also more sustainable and economically attractive.

6.4 Project Monitoring

- a The management and monitoring of the contract will be undertaken by Design & Property technical staff through service level appointments from Neighbourhood Services.
- b To ensure the contractor awarded the project delivers to the standards as outlined in the drawings and specifications, the contract administrator responsible for overseeing the project will be supported on site by a Clerk of Works carrying out day to day inspections and checks. Records and photos for each stage of the works are made ensuring that the work meets standards and quality of workmanship.
- c The committee report includes an assessed level of non-contract allowance. The level of allowance is a risk assessed sum to provide provision for unforeseen issues that are not possible to quantify with the parameters of the contract.

d Factors considered and assessed when setting the level of allowance include:

- general project complexity and duration;
- site conditions and constraints;
- market condition and tender levels;
- procurement route and contract; and
- regulatory risk and utility connections.

6.5 It is prudent for the Council to ensure appropriate provision is made within the project costs to accommodate for any unanticipated variations to the contract. An allowance of this nature could be required to a greater or lesser extent and will vary depending on the nature of a project. Any element of this expenditure will be managed by the quantity survey ensuring close financial control is in place.

7 POLICY IMPLICATIONS

7.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

8 CONSULTATIONS

8.1 The Council Leadership Team were consulted in the preparation of this report.

9 BACKGROUND PAPERS

9.1 None.

Neil Martin
Head of Design and Property

Louise Butchart
Head of Housing, Construction & Communities

Robin Presswood
Executive Director of City Development

Tony Boyle
Executive Director of Neighbourhood Services

Dundee City Council
Dundee House
Dundee

RP/NM/KM

17 June 2025

APPENDIX 1

PROJECT	Blackness Road – Development for 24 flats			
PROJECT NUMBER	19-549			
PROJECT INFORMATION	The construction of 24 new build flats at Blackness Road comprising of 18 general need two bedrooms flats and 6 wheelchair accessible one bedroom flats.			
ESTIMATED START AND COMPLETION DATES	August 2025 April 2027			
TOTAL COST	Contract Sum			£5,967,918.54
	Non Contract allowances			£900,000.00
	Fees			<u>£1,660,000.00</u>
	Total			<u>£8,527,918.54</u>
FUNDING SOURCE	Housing HRA Element - Increasing Housing Supply			£5,201,918.54
	Scottish Government – Affordable Housing Investment Grant (Provisionally Agreed)			£2,326,000.00
	Council Tax Second Homes Income			<u>£1,000,000.00</u>
	Total			<u>£8,527,918.54</u>
BUDGET PROVISION & PHASING	2017/2018 to 2024/2025			£1,255,039.40
	2025/2026			£2,696,685.52
	2026/2027			£4,249,322.64
	2027/2028			<u>£326,870.98</u>
	Total			<u>£8,527,918.54</u>
ADDITIONAL FUNDING	None.			
REVENUE IMPLICATIONS	The future revenue costs in future years will be offset by the rental income generated.			
POLICY IMPLICATIONS	There are no major issues.			
TENDERS	Open Tender via Public Contract Scotland – 4 compliant offers received			
	Contractors	Submitted Tender	Corrected Tender	Cost/Quality Ranking
	Clark Contracts	£5,997,863.34	£5,967,918.54	1
	Chap Construction	£6,540,707.69	£6,543,038.82	2
	Ogilvie Construction	£7,157,476.59	£7,145,986.87	3
	Robertson Construction	£8,497,574.90	£8,497,574.90	4
RECOMMENDATION	To approve and appoint the works to Clark Contracts.			
SUB-CONTRACTORS	None.			
BACKGROUND PAPERS	None.			