

Meeting Executive Committee

Portfolio Area Housing, Older People & Health / Resources

Date 10 July 2019



APPOINTMENT OF A PRINCIPAL CONTRACTOR AT SYMONDS GREEN

KEY DECISION

AUTHOR – ASH AHMED EXT. 2805

CONTRIBUTORS – SIMON NUTTALL EXT. 2968

LEAD/CONTACT OFFICERS – ASH AHMED EXT. 2805

1 PURPOSE

- 1.1 To seek approval to delegate authority for the appointment of a principal contractor of the development site at 145 Scarborough Avenue in the Symonds Green ward (the “**Site**”), which is also known as the Symonds Green Scheme (the “**Scheme**”). This will ensure an expedient tender award process and allow for a quicker mobilisation on the Site.

2 RECOMMENDATIONS

- 2.1 That the Executive notes the scheme concept objectives as developed by the Council’s Housing Development team in consultation with the Executive Housing Development Committee throughout 2018/19.
- 2.2 That the Deputy Chief Executive be given delegated authority to award and finalise the terms of the contract with the winning bidder after an officer

panel has concluded an evaluation of tenders received and having consulted the Portfolio Holder: Housing, Health and Older People.

3 BACKGROUND

- 3.1 The Site has been subject to ongoing designs since January 2018. During this period the design proposal has evolved from an initial Scheme concept of nine homes, to a consented scheme for 29, one, two & three bedroom apartments set within a traditional urban street scene that blends into the environment without being overbearing.
- 3.2 Following ongoing consultation with the Housing Development Executive Committee, three separate consultations with local residents and advice from the Planning department, a final scheme of 29 properties, comprising a mix of one, two and three bed flats was submitted as a detailed planning application in February 2019.
- 3.3 Planning permission for the Scheme was granted on the 30 May 2019, as per Background Document 1.
- 3.4 PSW Building Consultancy were appointed following a competitive process in March 2019 to act for the Council as the employers agent for the scheme (the “**Employer’s Agent**”), and have been working in consultation with our internal Housing Investment team to produce a set of employers requirements which will determine the technical standards at which the development will be built at the Site.
- 3.5 The Employer’s Agent role brings external expertise in the fields of construction, site management and quantity surveying, and acts as the Council’s contract administrator for the Scheme.
- 3.6 The procurement documents for the Scheme were put out to tender on 30 May 2019 with the following proposed time frames:

Procurement Stage/Action	Dates
Invitation to Tender issued	30/05/19
Deadline for Tenderer Queries	12 noon 14/06/19
Deadline for Tenderer Clarifications to be published	(responses within 3 days of a query)
Tender Submission Date (by 12 noon on)	28/06/19
Evaluation Period	Two weeks
Decision to award (subject to call – in)	12/07/19
End of call – in period/Intention to Award the Contract Announced	30/07/19

- 3.7 The Scheme is an entirely social rented development, and the capital expenditure will contribute towards forecast spend on retained one for one receipts. This amplifies the benefits of achieving a rapid start on site as it ensures more receipts can be utilised and kept within the Council, rather than being returned to Central Government.

- 3.8 An ancillary issue relating to the Scheme is that it may feature in a proposal for a bid relating to Community Co-operative funding. The result of the bid may give rise to further considerations being needed in relation to the long term management of the Scheme. However, this will not affect the construction process nor the award of a contract for this Scheme.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 The contract will be let on an industry best practice standard JCT design and build contract , which was used previously to deliver the Council's schemes at Twin Foxes House, Burwell Court, Ditchmore Lane, and Gresley Way. This contract type is also recommended by the Employer's Agent who will be the contract administrator.

- 4.2 Through the delivery of these four previous contracts for works of this nature which were procured between 2015 and 2019 officers have developed their experience in this type of contract and are confident that the Council's specifications and pricing models are robust, accurately reflect the Council's standards and requirements and do not appear to lend themselves towards bidder gaming or collusion.

Additional mitigation will include robust contract management arrangements in conjunction with our internal Housing and Investment team, and our appointed Employers Agent and Clerk of Work Service who will monitor performance on quality and programme on a weekly basis.

Procurement Route

- 4.3 Officers considered the following 2 approaches to the procurement of works for the Scheme:

Competitive procurement process; or

Call-Off from an existing Framework.

- 4.4 For the competitive procurement process, officers considered the open and restricted procedures. The key features of each procedure are as follows:

Open procedure – any interested organisation may bid; both selection and award criteria are included in the evaluation process and the successful bidder is selected on the pre-determined criteria, typically price and quality. The open procedure does not include a pre-qualification stage.

Restricted procedure – a shortlist of potential bidders are selected through a pre-qualification process. The shortlisted bidders are then invited to tender and the successful bidder is selected on the pre-determined criteria, typically price and quality.

- 4.5 Call-Off from an existing framework, whilst offering time savings, was felt not to offer best value for money and would have potentially prevented small to medium-sized firms from being able to bid on this contract.

- 4.6 The procurement approach to these contracts will seek to enhance community wealth building by appealing to local based small to medium enterprises through an open tender process.
- 4.7 It was therefore felt that by conducting an open procedure, it would lead to best outcome in terms of price as it would provide the most competitive environment to suppliers and also encourage local small to medium-sized firms to bid.
- 4.8 The split of quality and price in this instance is a 60% quality weighting against a 40% price weighting. This is in line with the Housing Development team's standard principal contractor procurement route, and ensures our developments are built to a high standard without disregarding value for money considerations.
- 4.9 The quality aspect of the procurement exercise requires potential suppliers to provide evidence across the below key themes:
- Ability to programme works and expedite completion
 - Ability to mitigate project and programme risk
 - Provide relevant previous experience
 - Provide details of how they will provide social value

5. IMPLICATIONS

5.1 Financial Implications

- 4.10 The budget for the entire scheme is £4.6m (four-million, six hundred thousand pounds) and this has been approved in the HRA capital strategy previously seen by members. This budget includes works costs as well as associated costs such as architects and employer's agents as well as various survey works and planning costs.
- 4.11 It is expected that cost for the contract for the build of the Site will be approximately £4m.
- 4.12 There is a risk that should all the tenders come in over the OJEU threshold, the procurement would be non-compliant and an OJEU level tender would have to be prepared.

4.13 Legal Implications

4.14 Procurement route

- 4.15 The open procedure which is being used for this procurement is subject to the Public Contract Regulations 2015. The contract contained within the tender documents for this procurement is based on the standard JCT Design and Build Contract terms and conditions, with amendments.

4.16 Powers to develop

The Council has the power to develop HRA sites using the power contained in section 9 Housing Act 1985 which provides power to the Council to provide housing accommodation by, amongst other things erecting houses on land acquired for that purpose. The Council also has power under section 2 of the Local Authorities (Land) Act 1963 to erect any building and construct or carry out works on land where the development is for the benefit or improvement of its area.

4.17 Equality Impact Assessment

- 4.18 A full equality impact assessment has been completed and is available as a background document. The assessment shows that the scheme has an overall positive impact as the scheme increases the ability of people with limited housing options in Stevenage to live independently and allows them to live in high quality and safe accommodation. This enhances their opportunities in society and helps to enable them to live comfortably without fear of abuse or discrimination. The scheme is able to be delivered as a fully social rented scheme as a result of the anticipated capital receipts at North Road.

5 BACKGROUND DOCUMENTS

BD1 - 19/00136/FPM - 145 SCARBOROUGH AVENUE, STEVENAGE

BD2- Equality Impact Assessment