

Title of Report	PROCUREMENT OF HOUSING NEW BUILD CONTRACTOR	
Presented by	Councillor Roger Bayliss Housing, Property and Customer Services Portfolio Holder	
Background Papers	None	Public Report: Yes
		Key Decision: Yes
Financial Implications	This procurement would cover up to £17m expenditure over a three year period	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	Advice on procurement has been sought from the Corporate Procurement Officer. Further advice from legal services will be sought prior to entering into contract	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no direct staffing implications. This proposal supports Council Deliver Plan priorities	
	Signed off by the Deputy Head of Paid Service: Yes	
Purpose of Report	To seek Cabinet approval to procure contractor support for the newbuild programme over the next 3 years.	
Reason for Decision	To allow the Council to be compliant with the Procurement Rules within the Constitution.	
Recommendations	<p>THAT CABINET:</p> <p>1. APPROVES THE PROCUREMENT OF (A) CONSTRUCTION CONTRACTOR(S) FOR THE DURATION OF THE CURRENT 3 YEAR PROPOSED NEWBUILD PROGRAMME</p> <p>2. DELEGATEs AUTHORITY TO THE STRATEGIC DIRECTOR OF HOUSING AND CUSTOMER SERVICES IN CONSULTATION WITH THE SECTION 151 OFFICER AND RELEVANT PORTFOLIO HOLDER TO SELECT CONTRACTORS AS NECESSARY TO DELIVER THE PROGRAMME THROUGH LEGALLY COMPLIANT FRAMEWORK/DYNAMIC PURCHASING SYSTEMS</p>	

1. BACKGROUND

- 1.1 On 10 November 2015 a report was taken to Cabinet providing an update on the new build work to date and seeking approval for 3 schemes to be included in the initial new build programme.

- 1.2 These schemes were described as:
- Willesley Estate Sites x 2 (3 no. 1 bed units 4 no. 2 bed units)
 - Greenacres Colaville (4 no. 1 bed units and 6 no. 2 bed units)
 - The Brownfield Site, Coalville (4 no. 1 bed units 8 no. 2 bed units)
- 1.3 A subsequent report was agreed by Cabinet on 17th January 2017 providing delegated authority for the Director of Housing to award the construction contract for the newbuild programme phase 1 and potentially phase 2 to Robert Woodhead (Woodheads) via Efficiency East Midlands (EEM.)
- 1.4 This decision was made through a mini competition through the EEM framework and Woodheads were contracted for 24 units on Phase 1 and up to 20 units for a further phase with details to be determined. Phase 1 was built out as specified and phase 2 has recently been completed albeit in a reduced form with 8 units delivered on the former Cocked Hat site.
- 1.5 Over the 3 1/2 years we have worked with our current contractor and have developed an effective partnership that has benefitted from continuity over time, and this is a feature we wish to secure in future arrangements. Working with a common contractor has assisted in progressing schemes quicker due to a closer and growing working relationship and has improved the overall delivery of housing sites within the HRA.

2. SCOPE OF FUTURE PHASES

- 2.1 The housing service has been working up details for the next stage of the newbuild programme for some time and has now identified a number of sites with a combined capacity for approximately 30 units that it intends to build, as well as a number of others with varying degrees of potential. In addition, there is an ongoing programme of actively working with RP partners to identify development opportunities and seeking to directly acquire land for the construction of new Council housing. This new build programme is part of our wider approach to the supply of new affordable homes for rent as a landlord, which also includes acquiring Section 106 properties, buy back of former Right to Buy properties, and open market purchase of both new and existing homes in areas of housing need.
- 2.2 Some of the challenges that we have identified when bringing these new build sites to planning have highlighted that there are direct benefits in having a contractor in place prior to submitting planning, especially where constraints of the site require an innovative technical solution, as the contractor may have skills and experience that will influence the proposed. Without a contractor in place third party advice is often needed which may not follow the eventual contractors preferred approach and has the potential to create additional cost, complication and delay.
- 2.3 The HRA Business Plan has identified capacity to deliver circa 95 new homes over the next 3 years at a cost of £17m. This figure is kept under review as our short, medium and longer term financial plans are refined in the light of experience. This makes projecting a long terms detailed new build programme inherently challenging, as we need to retain the flexibility to respond to business opportunities as they emerge, whilst also having an underlying new build supply through our own activities.
- 2.4 To deliver this programme and utilise the learning of the previous phases the intention is to identify a suitable development partner contractor through an existing framework agreement. This can be achieved by way of a direct award if we find a

contractor that meets our requirements or a mini competition if we want a more bespoke scope of works. This will allow us to build up a long-term relationship with one or more contractors and benefit from their experience as we confirm the later stages of the programme.

2.5 The current plan for new build includes the following sites

Scheme	Number of units	Budgeted Lifetime Cost	Delivery timetable	Comments
Moira – former garage site	2	£298,000	2021/22 – 22/23	Planning Permission obtained, potential in house build being evaluated
Measham – brownfield site	6	£924,000	2021/22 – 22/23	Land assembly underway, draft designs completed, Planning Application to follow
Moira – brownfield site	10	£1,445,000	2022/23 – 23/24	Planning application pending
Whitwick	16	£2,476,000	2022/23 – 23/24	Complex site, drainage pumping scheme design underway as part of detailed Planning Application preparation.
TOTALS	34	£5,143,000		

3. PROPOSED PROCUREMENT

- 3.1 The Housing Department plans to seek permission from Cabinet to procure development partner(s) for the next three years of the newbuild programme.
- 3.2 The exact scale of the programme will be driven in part by the nature of the sites that come forward over this time, however the HRA business plan currently has an allocation of £17m for the supply of new affordable and social housing, and this provides an indication of the scale involved. It is important to note that this amount will fund both new build and the acquisition of properties, with the balance between the two sources of new homes to be determined by the new Housing Supply Strategy, and the evaluation of sites and other opportunities as they become available. In order to take advantage of emerging opportunities that offer value for money it is important to retain flexibility. The “new build programme” will consist of all works planned to commence in the three years after the contract is let, although some completions will be after the end of this period.
- 3.3 The Housing service have identified a number of compliant Procurement Frameworks and Dynamic Purchasing Systems (DPSs) and delegation will be sought from Cabinet for the Strategic Director to award a contract to the most economically advantageous supplier, in consultation with the Section 151 officer and relevant Portfolio Holder. One of the benefits of using a framework agreement to appoint a contractor is that the competitive tender process has already been undertaken. Any contract awarded will be compliant with the Public Contracts Regulations 2015 and the Official Journal of the European Union (OJEU).

- 3.4 The quality criteria for assessing submissions to any competitions run through the DPS/Framework will include social value, support of local supply chains, and experience of low carbon solutions as well as demonstrable understanding of the Council's Design SDP to ensure that the newbuild programme embeds delivery of the Council Delivery Plan priorities within it.
- 3.5 The expectation is that the procurement exercise through a framework will identify a primary contractor who will support the Council through the lifetime of the contract with bringing sites forward in the most efficient and cost effective manner. However if the procurement route selected is through a DPS this provides some flexibility to select a contractor on a scheme by scheme basis, potentially offering better value for money but without the longer timer commitment of a partnership contract through a framework.

4.0 CONSIDERATION BY SCRUTINY

- 4.1 The proposal was considered by Corporate Scrutiny Committee on 2nd September 2020. Whilst the Committee were in favour of the approach it was suggested that a Framework agreement may be more advantageous to the Council than DPS. The draft minutes of the scrutiny meeting are attached as Appendix 1.
- 4.2 This will be considered alongside other advice when finalising the procurement route to be taken.

Policies and other considerations, as appropriate	
Council Priorities:	<ul style="list-style-type: none"> - Support for businesses and helping people into local jobs - Developing a clean and green district - Local people live in high quality, affordable homes
Policy Considerations:	Contract Procurement Rules within Constitution
Safeguarding:	None identified
Equalities/Diversity:	No direct implications identified
Customer Impact:	Successful procurement of a newbuild contractor will ensure the Council meets its target for new home delivery directly benefiting customers as allocations will be made through the housing register.
Economic and Social Impact:	The intention is for the assessment process to have regard to social impact and use of local supply chains as part of the quality assessment criteria
Environment and Climate Change:	The intention is for the assessment process to have regard to experience of and commitment to low carbon technology as part of the quality assessment criteria
Consultation/Community Engagement:	The proposal was considered by Corporate Scrutiny Committee on 2 nd September 2020
Risks:	Whilst there is a risk that a successful contractor will not be secured Officers, have carried out extensive preparatory work and are satisfied that there are several potential framework/DPSs that could provide the services required.
Officer Contact	Chris Lambert Head of Housing chris.lambert@nwleicestershire.gov.uk

Extract from the MINUTES of a meeting of the CORPORATE SCRUTINY COMMITTEE held in the Remote meeting using Microsoft Teams on WEDNESDAY, 2 SEPTEMBER 2020

Present: Councillor R Boam (Chairman)

Councillors J Hout, E G C Allman, A J Bridgen, G Hout, R Johnson, S Sheahan, N Smith, D E J Tebbutt and M B Wyatt

In Attendance: Councillor R Bayliss

Officers: Mr A Barton, E Tomlinson, Miss A Wright, Mrs T Bingham, Mr C Brown, M D'Oyly-Watkins, Mr T Delaney, Mrs A Harper, Mrs M Long, Mr M Murphy, Mr P Sanders, Mr D Scruton and Walford

7. PROCUREMENT OF HOUSING NEW BUILD CONTRACTOR

Andy Barton, Strategic Director, presented the report to the Committee.

He advised the Committee that the housing department has been working up details for the next stage of the new build programme, the details of which were set out in the report.

The Housing Department plans to seek permission from Cabinet to procure development partner(s) for the next three years of the new build programme. It has identified a number of compliant Procurement Frameworks and Dynamic Purchasing Systems (DPSs) and delegation will be sought from Cabinet for the Strategic Director to award a contract to the most economically advantageous supplier, in consultation with the Section 151 officer and relevant Portfolio Holder.

David Scruton, Housing Strategy and Systems Team Manager, added that during the first phase of the new build programme, it was established that there were some benefits to having an ongoing relationship with a developer to draw on their skills so the procurement proposals provide this opportunity.

The Chairman invited Councillor Bayliss as Portfolio Holder to make any additional comments. He advised that he would listen carefully to the comments made in order that he could convey these to Cabinet.

The Chairman thanked the officers for their report and invited questions and comments from Members.

Councillor Sheahan felt that DPS was not suitable for this type of contracting as he felt it would create a lot of administration with having to put each part of the work out to tender, which could result in having to work with a raft of different people which could be complicated. He also felt that contractors may cherry pick which pieces of work they wanted to do. Councillor Sheahan felt that the framework agreement was the way forward with a clear and transparent selection process.

Councillor Johnson considered that new build homes which were replacing those which had been bought under 'right to buy' should be like for like in terms of numbers and size.

He was advised the new build was only one element of the supply strategy with others being affordable homes provided through Section 106 agreements and also purchases including, for example, buy backs of previously sold properties.

Councillor Wyatt referred to paragraphs 1.4 and 1.5 of the report which referenced the Cocked Hat site and stated that when new tenants moved in recently a registered gas engineer was called, who allegedly claimed that the works were not up to standard with lives being at risk through appropriate regulations not having been followed. He therefore urged that the inspections were up to date to address this situation. Officers provided reassurance the issue would be looked into.

The recommendation as set out on page 37 of the agenda was moved by Councillor Tebbutt, seconded by Councillor Sheahan and by affirmation of the meeting:-

RESOLVED THAT:

The report be duly noted and the comments made at this meeting be reported to Cabinet.