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**Meeting:** Executive  
**Date:** 10 December 2013  
**Subject:** Dukeminster Extra Care Development: Award of Contract  
**Report of:** Cllr Carole Hegley, Executive Member for Social Care, Health and Housing  
**Summary:** The report proposes to award the contract for the Design and Build of the Dukeminster Extra Care Housing Scheme.

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**Advising Officer:** Julie Ogley, Director of Social Care, Health and Housing  
**Contact Officer:** Tim Hoyle – MANOP Head of Service  
**Public/Exempt:** Public but with an exempt appendix under category number 3 “information relating to the financial or business affairs of any particular person (including the authority holding that information)”.  
**Wards Affected:** All  
**Function of:** Executive  
**Key Decision** Yes  
**Reason for urgency/ exemption from call-in (if appropriate)** N/A

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

The actions support the Council priorities:

- Enhancing the local community
- Promoting health and wellbeing and protect the vulnerable
- Value for money

### **Financial:**

1. The development of the Extra Care Scheme on the Dukeminster site in Dunstable is identified in the Housing Revenue Account (HRA) Capital Programme. The Council has secured grant funding of £1.703M from the Homes and Communities Agency (HCA) towards the cost of the scheme, the balance being funded from the HRA. The value of the contract is set out in Appendix A.

**Legal:**

2. Under previous authority from the Executive, the Council has acquired the land for the development and contracted for the demolition of the building previously on the site. Following authority requested in this report the Council will contract with the preferred bidder for the detailed design and build of the scheme. The Council will also make a legal undertaking to the HCA which is required to receive the grant funding.

**Risk Management:**

3. Financial, contractual and delivery risks associated with the process of bring the development to fruition have been identified. There is also the risk that the procurement process and outcome will be subject to challenge. These risks are being actively managed and this will continue throughout the lifetime of the project. The main risk-management and mitigation actions are:
  - Use of expert advice and consultancy where the necessary skills or capacity is not available within the Council.
  - Strict adherence to the Council's procurement policies and procedures.
  - Use of 'tried and tested' forms of contract.
  - Within the procurement process giving significant weight to the use of contractors who have a good track record in this type of development.
  - Requiring bonds and guarantees from the successful contractor.

**Staffing (including Trades Unions):**

4. None.

**Equalities/Human Rights:**

5. Equality and diversity are key issues for all directorates within Central Bedfordshire Council. As part of the tender evaluation, contractors demonstrated their compliance with the Corporate Equalities Policy and incorporate this commitment within their method statements. As part of ongoing contract monitoring arrangements, the Council will check that statutory service delivery and employment requirements relating to equality are being met.
6. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age, disability, gender, re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

**The Equality Impact Assessment (EIA) highlighted the following:**

7. No EIA was required to be completed specifically for the contract award decision. However it should be noted that there is a need to ensure that the detailed design of the building acknowledges the needs of groups with protected characteristics who may use this building and does not discriminate unnecessarily against one or more of them.

**Public Health:**

8. There is evidence that older people who live in extra care schemes enjoy a better quality of life and have better health outcomes to similar people in other types of accommodation, such as residential care. There is also evidence that residents of extra care schemes have fewer hospital admissions than people with similar needs living in other types of accommodation.

**Community Safety:**

9. The design of the development will aim to maximise the safety of those living in the scheme whilst also encouraging use of the building by community groups and individuals from the surrounding area.

**Sustainability:**

10. The contract has within it explicit requirements about seeking to maximise sustainability in the design and construction of the building.

**Procurement:**

11. The contract has been tendered in accordance with the Council's Corporate Procurement Rules.

**Overview and Scrutiny:**

12. This matter has not been considered by Overview and Scrutiny.

**RECOMMENDATIONS:****The Executive is asked to:**

- 1. award the contract to design and build the Dukeminster Extra Care Development to Contractor A as set out in Appendix A; and**
- 2. authorise the Head of Legal Services to enter into agreement with the Homes and Communities Agency on behalf of the Council to secure the grant contribution to the funding of the development**

*Reason for Recommendations: To secure the delivery of an 83-unit Extra Care Housing development on the Dukeminster Estate.*

**Executive Summary**

13. This report outlines the outcome of the tendering of a contract to design and build an 83-unit Extra-Care Housing Development on part of the former Dukeminster Trading Estate.
14. The scheme will be funded primarily by the Council's Housing Revenue Account (HRA) with a very significant grant from the Homes and Communities Agency. This will be the first new build scheme developed by the Council since the adoption of the HRA 'self-financing regime'.

15. The procurement attracted competitive bids from a range of contractors with experience with this type of development. The bidder recommended in this report has a proven track record of delivering high quality schemes. The company submitted a bid that is of a high standard and also within budget identified for the development.
16. If the Executive approves the award of contract it is envisaged that the development will be ready for occupation by 30 September 2015.

## **Background**

17. At its meeting on 5 February 2013, the Executive considered a report to develop affordable extra care housing in Dunstable. The report set out the strategic vision behind extra-care housing, the specific case for a scheme on the Dukeminster site, and the proposed funding model.
18. Following approval at this meeting work commenced to acquire the land required and to identify a suitable contractor.
19. A sum of £17M to fund the scheme was identified in the HRA Capital Programme for the period 2012/13 to 2016/17 which was also approved by the Executive on 5 February 2013.
20. A detailed scheme was designed by the architects Kyle Smart Associates, and an application for full Planning Permission based on this design was submitted (CB/13/01276). This gained approval at the meeting of the Development Management Committee on 19 June 2013.
21. The Council acquired the site on a 950-year lease on 7 November 2013. At the same time the Council procured demolition and site preparation works and these have now been completed.
22. The Council has received a draft contract for the HCA funding and this is currently being reviewed. It should be noted that a condition of the funding is practical completion of the development by 30 September 2015.

## **The Contract**

23. The Council's Procurement Processes, Templates and Procedures were used on this procurement. The contract is to undertake the detailed design and build of the approved scheme according to the detailed specification prepared by Council officers with the assistance of EC Harris and Kyle Smart Associates.
24. The specification includes all of the works required to bring the scheme to fruition with the exception of fitting out of the communal areas. Where a full specification has yet to be agreed then a provisional sum is allowed in the contract for this.
25. The contract uses the documents developed by the Joint Contracts Tribunal (JCT) which are standard within the construction industry.

## Procurement Process

26. Following approval by the Executive on 5 February 2013, the Dukeminster Contract Procurement Team was established. This consisted of Council officers and EC Harris LLP. Members of the Council's procurement team were fully involved throughout the process to ensure compliance with the Council's procurement rules.
27. Following evaluation of the options it was decided to use the HCA's Developer Partner Panel 2 framework for this procurement. This framework was chosen as it met the Council's key requirements inasmuch as it had within it all the key contractors with experience in delivering extra care developments. In addition to meeting specific quality standards, in order to gain a place on the framework contractors passed an appraisal of their financial status, which is updated as required by HCA. Using a framework of this type shortened the procurement timescale by approximately 3 months enabling the Council to comply with HCA grant funding timescales whilst maintaining a robust and transparent procurement process.
28. The framework processes were followed which included an initial "Expression of Interest" to all HCA South East contractors. A "sifting" process was undertaken to select contractors who had the necessary level of experience and a 'track record' of successfully delivering this type of development. This resulted in a tender list of 'shortlisted' contractors, who were issued the tender documents on 23 August 2013
29. A series of documents which formed the basis against which tenderers would submit their bid (the tender pack) was prepared by the Council in conjunction with EC Harris (Consultants), Kyle Smart Associates (Architect) and Rolton Group (Consulting Engineers). The tender pack set out the basis for the evaluation of tenders. This was:
  - Price: 40%
  - Quality: 40%
  - Innovation: 10%
  - Presentation stage: 10%
30. Tenders were originally due to be returned by 11 October 2013, but following representation from one contractor and consultation with the others, an extension was granted and the revised return date was Friday 25 October 2013.
31. The tenderers were asked to provide 2 bids:
  - Compliant – fully compliant with the design and specification in the tender document
  - Non-compliant – the tenderers ideas and suggestions to reduce costs and innovate, with a target set of 20% below their Compliant bid price.

The tenderers were judged primarily on their Compliant bid (in terms of the financial and technical responses), with 10% of the scoring available for the Non-compliant bid and innovative suggestions.

32. The evaluation of the tender returns was separated into two parts to enable those assessing the returns to focus on their role and to prevent any bias. The split was follows:
- Technical evaluation – by the Technical Review Panel (TRP)
  - Financial evaluation – CBC Procurement and Finance assisted by EC Harris Cost Managers.
33. The TRP was made up of representatives of the Council, tenants and the design architect. Procurement training was provided to all members of the TRP prior to them commencing evaluation. The technical questions were detailed in the tender document and the panel evaluated them against agreed model answers.
34. TRP members undertook their evaluation and scoring individually, during week commencing 28 October. A subsequent meeting of the TRP was held on 4 November 2013 at which the scoring of the technical responses was discussed and agreed.
35. During this period financial evaluation was undertaken. The Compliant bids were arithmetically checked to ensure that the detail provided in the tenderer's Contract Sum Analysis (CSA), was consistent with the Contract Sum within the tenderer's Form of Tender. All bids were then incorporated into a master document and were reviewed as part of the "normalisation" process. The "normalisation" process involved:
- Ensuring all items in the CSA are priced and that the bids comply with the tender documents and any tender addendums issued.
  - Review of qualifications.
  - Issuing of post tender queries.
  - Review of query responses and further dialogue to ensure all bids are compliant.

The compliant contract sum and the agreed scores from the Technical Evaluation were then combined to produce score for each contractor.

36. In accordance with the Tender Document, at this stage the lowest scoring bidder was eliminated and the remainder were invited to the Presentation Stage. This was held on Monday 11 November 2013. Those invited were asked to prepare answers to three questions and were also asked a further three questions which they had not been made aware of beforehand. Members of the TRP scored the responses against model answers.
37. Following the Presentation stage bidders were asked to confirm their pricing and any other outstanding issues. These final prices were incorporated into the evaluation spreadsheet.
38. Whilst EC Harris assisted the Council in the tender process, they were not members of the TRP which scored the bids. In addition, officers sought and received from the company an undertaking that they acted impartially throughout the process and had no affiliations or conflicts of interest in relation to any of the contractors being considered.

## **Procurement Outcomes**

39. Expressions of interest were invited from all HCA South East contractors and eight were received.
40. The sifting process resulted in five contractors being asked to submit full tenders. Four of the five submitted tenders; the fifth withdrew from the process.
41. The process made it explicit that the Council could decide how many tenderers to take through to the Presentation Stage, but would base any decision on the total evaluation scores thus far. It was agreed, based on the 'spread' of scores to eliminate one bidder and invite the three remaining to the Presentation Stage. All three participated in this stage.
42. In the process of the Presentation Stage (and in addition to the formal scoring undertaken by the Panel), the general consensus was that all of the contractors who attended were capable of delivering a high quality development. All three contractors confirmed a commitment to deliver the scheme within the required timescales.
43. A summary of the evaluation scores for each contractor at each stage who submitted is set out in Appendix A of this report.
44. Notwithstanding the financial status appraisal undertaken to allow contractors onto the HCA Framework, further status checks were made of the tenderers at this stage and these are referred to in Appendix A.

### **Appendices:**

Appendix A – Dukeminster Extra Care Development: Outcome of Tender Evaluation

### **Background Papers:** (open to public inspection)

None