

## Central Bedfordshire Council

EXECUTIVE - 10 February 2014

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### **AWARD OF CONTRACT FOR THE CONSTRUCTION OF FOUR HOMES AT CREASEY PARK DRIVE, DUNSTABLE**

Report of Cllr Carole Hegley, Executive Member for Social Care, Health and Housing ([carole.hegley@centralbedfordshire.gov.uk](mailto:carole.hegley@centralbedfordshire.gov.uk))

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**This report relates to a Key Decision**

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#### **Purpose of this report**

1. This report recommends the award of a contract for the construction of four homes at Creasey Park Drive, Dunstable. This contract award will be dependent on the conclusion of successful financial negotiations with the preferred contractor. This will be one of a series of developments across the area and the first time the Council has developed new homes in around 40 years. The aim is to build new homes in the right areas to meet the housing demand from local people.

#### **RECOMMENDATIONS**

**The Executive is asked to:**

1. **to delegate to the Director of Social Care, Health and Housing, in consultation with the Executive Member for Social Care, Health and Housing, the decision to award the contract for the construction of four homes at Creasey Park Drive, Dunstable. The awarding of a contract will be subject to satisfactory negotiations on financial costs with Contactor A.**

#### **Issues**

2. Priority 4 of the Housing Asset Management Strategy (HAMS) includes the development of new homes. The HAMS also identified a need to maximise the use of the Council's garage blocks, including redevelopment.

3. A draft Garage Strategy has been prepared and will be consulted upon shortly. This identifies thirty sites for possible re-development. The first site that has been identified for re-development is Creasey Park Drive, Dunstable. This site has satisfactory access from the public highway and there are no garage owners or tenants to be re-located as the garages were demolished several years ago.
4. Tenant and resident engagement was undertaken over the summer of 2014 on the development proposals for the site. The views obtained through this engagement informed the design of the scheme. The development will include four new homes comprising two two-bedroom bungalows, one adapted for the disabled and two two-bedroom flats. It is proposed that the bungalows will be available for affordable rent and the flats for shared ownership.
5. During the summer of 2014 the construction opportunity was advertised on the Council's website, the Luton and Dunstable Herald and Post, Leighton Buzzard Observer, Milton Keynes Citizen and Luton News and Dunstable Gazette. Given the small scale of the project it was considered that a national advertisement would be unlikely to attract a larger contractor. By extensive advertising locally it was also hoped that the opportunity to maximise the Central Bedfordshire pound would be realised.
6. A planning application for the scheme was submitted in November 2014 and a decision is due on the 26 January 2014. A verbal update will be given at the meeting on the outcome of the planning decision. This paper is written in anticipation that planning permission will be granted. The Design and Access Statement for the planning application is attached as a background paper.

### **Reasons for decision**

7. The tender is in excess of the estimate. It is proposed to enter into negotiations with the preferred contractor in an attempt to bring it within budget.
8. This proposed development helps to meet the objectives set out in the Housing Asset Management Strategy (HAMS) and emergent Garage Strategy. This development will help meet housing need in Central Bedfordshire. The disabled unit will meet a specific need that will directly benefit the General Fund.
9. The site is a vacant brownfield site within an urban area. The re-use of sites such as these reduces the need to develop greenfield sites within Central Bedfordshire and helps to improve the appearance of the area, reducing the risk of anti social behaviour.

## **Council Priorities**

10. The proposed development supports the following Council priorities:
  - a. Enhancing the local community, creating jobs, managing growth, protecting the countryside and enabling businesses to grow. The development will contribute to the delivery of this priority through regenerating a fenced off garage site. Through advertising locally this increases the opportunity for local businesses and job creation.
  - b. Promote health and well being and protect the vulnerable. The development will contribute to delivering this priority through providing housing for the elderly and disabled.
  - c. Better infrastructure, improved roads, broadband reach and transport. The development will contribute to delivering this priority through improving to the highway in the surrounding area.

## **Corporate Implications**

### **Procurement**

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

### **Legal Implications**

12. The form of the contract is Joint Contracts Tribunal (JCT) - Design & Build there has been input from legal services during the procurement process on the form of this contract.

### **Financial Implications**

13. The preferred bid is currently higher than the amount set out in the approved Housing Revenue Account (HRA) annual budget programme. It is proposed to negotiate with the preferred contractor. If these negotiations are successful in bringing the value down to within the budgeted amount then a contract will be awarded. It is proposed that a £136,000 contribution will be made from Right to Buy receipts. The potential to use any commuted sums from s106 planning agreements will be investigated.
14. Funding is from the Housing Revenue Account and is included in the Landlord Services Business Plan. Financial checks on the contractors were undertaken at the pre-qualification stage.
15. The development will provide a capital receipt to the HRA when the shared ownership units are sold and the ongoing rent from the properties is included.

## **Equalities Implications**

16. 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.
17. At the pre-qualification stage it was established whether the organisation has an equality and diversity policy and whether they had been involved in any cases of unlawful discrimination. At the invitation to tender stage the contractors were asked to expand upon how they will promote equal opportunities during the contract. As part of the framework tender evaluation process contractors were required to demonstrate their Equalities Policy and procedures and incorporate this commitment within their method statements. This was taken into account during the evaluation of the tenders.
18. The two bungalows are to be designated as housing for older persons. One of these will be fully adapted for disabled use. All the properties are to be designed to Lifetime Home standards.

## **Risk Management**

19. The Design and Access Statement (attached) sets the approach taken to “de-risk” the scheme and ensure that the Council’s priorities are met. The following ongoing risks have been identified:
  - a. *Value for money* – there are indications that the construction industry is facing rising labour costs and materials shortages. This is resulting in rising construction costs. This has been mitigated through the running of a competitive tender process.
  - b. *Capacity to deliver* – There is a risk that given the scale of the project there could be challenges with getting contractors to deliver high specification dwellings. This has been mitigated through the running of a rigorous tender process. In order to assist the Council EC Harris have provided technical expertise to support the process. They will be acting as employers agent in the next stages.
  - c. *Delays in completion* – There have been rigorous project management processes put in place to mitigate this risk. In addition there will be financial penalties put in place for delays in completion.

## **Public Health**

20. The new homes to be developed are high quality homes that will result in an improved housing stock. These properties will directly benefit those that are in housing need and on the Council's housing register.

## **Sustainability**

21. The properties will be built to high quality design and sustainability standards. The homes are designed with gardens and to fit in with the local surroundings. They will not overlook existing homes. The properties will provide for social needs within Dunstable through providing accessible affordable housing.
22. The proposed procurement strategy has maximised the opportunity for local businesses to become involved in the project. The tenders received all came within close proximity to the Central Bedfordshire area.
23. The dwellings have been designed in accordance with and will be constructed in accordance with:
  - a. Secured by Design
  - b. Code for Sustainable Homes Level 4
  - c. Lifetime Homes
  - d. Housing Quality Indicators

## **Procurement**

24. The Contract has been tendered in accordance with the Council's Corporate Procurement Rules. The chosen route to market provides value for money as the prices have been competitively tendered and benchmarked against current prices. The Council received four submissions at the pre-qualification questionnaire stage. These questionnaires were evaluated and all four contractors were invited to tender. Of the four invited to tender two of these contractors chose to submit a proposal. The reason given by those who chose to not submit a proposal was due to their current workload. The evaluation of the tenders can be seen at Appendix A.

## **Community Safety**

25. This development will contribute towards the Council's Community Safety aims of reducing crime, disorder and anti social behaviour and also reducing the fear of crime. The site is a vacant brownfield site that has the potential to attract anti-social behaviour. Through the development of the site natural surveillance will be brought to the area.

The principles of “Secured by Design” have been followed in the design of the site. The design rationale has been informed by the site context and the needs of future occupants of the houses. This has resulted in a layout that promotes a public front and private back approach which improves security of the public realm. Improvements to the public lighting surrounding the site are proposed”.

### **Conclusion and next Steps**

26. The next step is to enter into negotiation with Contractor A with a view to bring the tender within budget.
27. The homes should be ready for occupation in autumn 2015.

### **Appendices**

28. The evaluation of the proposals received for Creasey Park Drive, Dunstable is attached at Appendix A. The appendix is exempt under category number 3 “information relating to the financial or business affairs of any particular person (including the authority holding that information)”.

### **Background Papers**

29. Creasey Park Drive - Design and Access Statement is attached.