

Central Bedfordshire Council

EXECUTIVE

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Tender Award for the Re-development of Croft Green, Dunstable

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This report relates to a Key Decision

Purpose of this report

1. This report recommends the award of part A of a two part contract for the demolition of part of an existing sheltered housing scheme and the design and construction of a new 24 unit Independent Living Scheme at Croft Green, Dunstable. Members will be asked to consider the award of part B at a later date as this is dependent on the conclusion of successful negotiations with the preferred tenderer. The work to the Croft Green sheltered housing complex emanates from the Sheltered Housing review that determined the future of this type of accommodation.

RECOMMENDATIONS

The Executive is asked to:

1. **to approve the award of part A of a two part contract (A&B) for the demolition (of part) of an existing sheltered housing scheme and the design and construction of a new 24 unit Independent Living Scheme at Croft Green Dunstable. Part A comprises the detail design and agreement of the contract sum for the works; and**
2. **to note that Members will be asked to consider a further report on the award of part B of the contract at a later date following the satisfactory conclusion of successful negotiations with the preferred tenderer. Part B comprises the construction of the works.**

Overview and Scrutiny Comments/Recommendations

2. The item is not planned to go to the Overview & Scrutiny Committee but may by virtue of s101 of the Local Government Act 1972. Budget for the project was approved as part of the Landlord Business Plan approved by the Council on the 25 February 2016.

Issues

3. The Council is committed to improving living standards and choice of accommodation in the wide portfolio of sheltered housing schemes. As part of the Council's review of the sheltered housing schemes Croft Green, Dunstable was identified as a scheme for partial re-development. The objective for the review of sheltered housing provision was to develop a strategy that ensured the Council's sheltered housing stock remains fit for purpose both now and in the future.
4. The existing bedsit block at Croft Green is no longer fit for purpose and has been empty for 2 years. It is intended to demolish this block and replace it with a modern and sustainable building, increasing the density from 9 to 24 units. It is not proposed to re-develop the neighbouring bungalows at Croft Green which are currently fit for purpose. This re-development will provide a new high quality facility with apartments built to modern accommodation standards and high quality communal space.
5. The scheme received planning consent in December 2014 for 23 new residential units (an increase of 14 units). After tendering further work was undertaken to find savings within the scheme; without compromising unnecessarily on standards this has identified the potential to increase the number of units to 24. The Council will continue to identify opportunities for further development opportunities that will improve viability.
6. The scheme will provide a day opportunity facility for residents within the building but also the wider community. It is proposed that the new apartments will be let at an affordable rent, i.e. up to a maximum of 80% of the market rent.
7. A Business case has been developed that demonstrates the project pays back within 33 years. The scheme is part funded by receipts from Right to Buy sales. The use of these receipts is time limited, and also limited to new build developments that do not benefit from other grant funding. The scheme has been modelled on affordable rent as this is consistent with the approach that has been taken at Priory View and Creasey Park Drive. In terms of mitigating the impact of a Housing Benefit cap at Local Housing Allowance (LHA) levels the Council have taken into account a number of issues.

The Government review into Supported Housing is due later in 2016 and this issue will be addressed. A one year delay in applying the LHA cap to residents in supported housing has been announced. If the review does implement the Housing Benefit cap for Supported Housing then to let the properties at affordable rent will require consideration at the letting stage. The options would be to let to those not reliant on Housing Benefit or to let to those on Housing Benefit but subsidise them.

8. Tenders were received in January 2016. Twenty six expressions of interest were received and six proposals were eventually received. The form of contract for both the Part A (Design development and agreement of Contract Sum) and Part B (Construction works including demolition) will be the JCT Design and Build Contract 2011 Edition.
9. The tender evaluation was undertaken by officers, professional advisors and tenant representatives. Three contractors were shortlisted for interview. A preferred bidder has been identified; the evaluation table can be seen at exempt appendix A. It is proposed to enter into contract for the Part A works with bidder B.
10. Tenants at Croft Green and stakeholders have been fully engaged in the proposals for the project.

Reason/s for decision

11. The scheme will involve the award of a contract in excess of £500,000 (the combined Parts A and B).
12. This proposed development will contribute towards Priority 4 of the Housing Asset Management Strategy (HAMS): the development of new homes.
13. The site is a brownfield site within an urban area. The re-use of sites such as this reduces the need to develop greenfield sites within Central Bedfordshire.

Council Priorities

14. 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 brownfield 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. Generating efficiencies and value for money through economies of scale, supply chain management and improved working practices. The business case also identifies a clear financial benefit.

Corporate Implications

Procurement

- 15. 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. The agreed contract sum will be benchmarked against current prices to ensure that value for money is obtained.
- 16. Corporate Procurement have been fully engaged in the procurement process.

Legal Implications

- 17.
 - a. Given that the value of the procurement was estimated to be below the EU threshold for works contracts, the Contract Procurement Regulations 2015 do not apply and accordingly the procurement process and contract award must comply with the Council's contract standing orders where applicable and be properly authorised in accordance with the Council's Constitution.
 - b. The Council is subject to the requirement to obtain best value in the procurement process because it is a best value authority for the purposes of the Local Government Act 1999. The act requires the Council to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. To this end, the Council must be satisfied that its procurement process achieves best value in terms of price and quality.
 - c. The Council should also ensure that the procurement process complies with the EU Treaty principles of proportionality, equal treatment, transparency and mutual recognition.
 - d. The building contract is based on the JCT Design and Build Contract 2011; the approach to be taken has been approved by legal services. The contract should be completed to ensure the Council is sufficiently protected whilst maintaining commercial viability.

Financial Implications

18. The scheme is to be funded from the Council's Housing Revenue Account (Landlord Business Plan) that received Council approval on the 25th February 2016. This project was specifically identified in the Landlord Business Plan with budget provision of £4m in 2016/17 and 2017/18. In addition there is slippage from the previous financial year that will provide sufficient resource for the target cost as set out in the business case.
19. It is proposed that 30% of the construction cost will be met from receipts received from Right to Buy sales. The Business Case is not predicated on receiving commuted sums or grant.

Equalities Implications

20. The successful contractor is required to provide a copy of their policy statement on Equal Opportunities. They have to provide written confirmation that the Council's Equal Opportunities Policy has been read and understood. They will confirm in writing that they will work in accordance with the Employer's Equal Opportunities policy at all times. Similar assurances will be required of the contractor's consultants and sub contractors
21. The successful contractor is required to register the site under the Considerate Constructors Scheme and comply with the Code of Considerate Practice. This requires the contractor to prevent the display of "pin-up" type material or any material or graffiti that is offensive or insulting or is abusive or degrading to women, lesbian and gay people or ethnic minorities. They are required to immediately remove any such material as soon as it is discovered.
22. The apartments are to be designated as housing for older persons; these will provide high quality and accessible accommodation for those in housing need. The scheme has been designed to take into account those with mobility needs.

Risk

23. A number of measures have been put in place to "de-risk" the scheme and ensure that the Council's priorities are met. The following key 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. The Council has also identified design changes that could reduce the construction costs; these will be implemented where appropriate.

- b. 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.
- c. Two stage tender process - We are mitigating the potential for future variations in costs and programme through the two-stage procurement process. Both the contractor and client have the opportunity through this process to work together to achieve a comprehensive understanding of the scheme requirements.

Sustainability

- 24. The scheme has been designed to Code for Sustainable Homes Level 4. Energy efficiency measures are at the core of the design. These will reduce the energy consumption and carbon dioxide emissions from space heating and water heating, e.g. passive solar design where possible.

Conclusion and next Steps

- 25. Following approval to enter into contract, work will be undertaken to design the scheme in detail against the agreed target cost (this is identified in the business case). If a firm process can be agreed that delivers the target cost members will be asked to approve the next phase of the project. If the target cost cannot be achieved members will be advised of the options available. The principle of funding the redevelopment of Croft Green, Dunstable is established within the Landlord Business Plan. Following appointment of the contractor the next step will be to enter into negotiation with the preferred contractor.
- 26. The homes should be ready for occupation in the summer of 2018.

Appendix

- 27. Appendix one – Tender evaluation worksheet - Exempt

Background Papers

None.