

Central Bedfordshire Council

Executive

11 September 2018

Houghton Regis Central: Award of Contract

Report of: Cllr Eugene Ghent, Executive Member for Assets and Housing Delivery
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This report relates to a decision that is Key

Purpose of this report

1. The report seeks to secure agreement from Executive to award the contract for the design and build of the Houghton Regis Central Extra Care Housing Scheme.

RECOMMENDATIONS

The Executive is asked to:

1. **approve in principle the award of the contract to design and build the Houghton Regis Central Extra Care Housing Development to Contractor A. and grant delegated authority to the Director for Community Services in consultation with the Executive Member for Assets to make the final award subject to Homes England funding being clarified; and**
2. **approve the maximum budget specified in the exempt Appendix A.**

Recommendations

2. There has been insufficient time for this matter to be considered by Overview and Scrutiny because there is a need to award the contract and start on site as soon as possible to protect grant funding secured from Homes England.

Background

3. The Council has a strategic vision to meet the accommodation needs of older people. Part of this is the delivery of six affordable extra care housing schemes. The proposed scheme at Houghton Regis, currently referred to as Houghton Regis Central, will be the third scheme in Central Bedfordshire. Two affordable extra care schemes have been delivered to date: Priory View in Dunstable and Greenfields in Leighton Buzzard. The Council and its partners are currently working on proposals for schemes in West Mid Beds and Biggleswade.

4. Houghton Regis Central will comprise of 168 apartments with support facilities, a restaurant and bar, retail units, café, reablement suites, associated landscaping and parking. It will be located on the former co-op site in the centre of Houghton Regis and will include the area currently occupied by the Red House Court, a Council-owned older extra care scheme. The construction will therefore be phased in order to move residents from Red House Court into new apartments delivered as part of phase one of Houghton Regis Central and to demolish the Red House Court.
5. The scheme requirements have been prepared by the Housing service, supported by Summers-Inman (Employers Agent) and accompanying drawings have been produced by Kyle Smart Associates (architectural consultant), Consertus (mechanical and electrical consultant) and Pick Everard (structural consultant). The design incorporates lessons learned from the design construction and operation of Priory View and Greenfields.
6. Full Planning Permission was granted on 11 November 2016. Development of the design has led to minor variations to the planning permission and further minor amendments may be required during the final design phase.
7. The scheme will be funded primarily by the Council's Housing Revenue Account (HRA) with grant funding from Homes England.

The Contract

8. The contract is to undertake the detailed design and build of Houghton Regis Central extra care scheme, according to the approved detailed specification.
9. The contract uses the documents developed by the Joint Contracts Tribunal (JCT) which are standard within the construction industry.

Procurement

10. The Council's Procurement Processes, Templates and Procedures were used on this procurement and the procurement exercise was administered by the Council's procurement team.
11. The Homes England Developer Partner Panel 3 Framework was selected for the procurement. This framework has a large number of prequalified contractors, many of which are experienced in delivering extra care developments. The contractors have to meet specific quality standards and pass a full appraisal of their financial status to gain a place on the framework. Using a framework enabled the procurement timescales to be reduced whilst maintaining a robust and transparent procurement process that complies with national and European procurement regulations and the Council's procurement policy.
12. The framework process started with an 'Expression of Interest' which was sent to all contractors on the framework. Five contractors responded to advise that they intended to submit a tender.

13. Tenders were invited on the basis of a single stage competitive tender for a Design and Build Contract. The tender pack issued by the Council to the contractors contained detailed requirements and technical drawings for the scheme. The weighting of the tender evaluation was 70% on cost and 30% on quality.
14. Tenders were originally due to be returned by Friday 20 July 2018 but following representations from three contractors an extension was granted and the revised return date was noon Friday 3 August 2018. Four tenders were received.
15. The evaluation of the tender returns was separated into two parts: the quality assessment undertaken by the technical evaluation team and the financial assessment that was carried out by Summers-Inman.
16. The quality assessment considered method statements, resources, implementation and transition plans, monitoring, social value, innovation and value engineering ideas and contractor processes.
17. The technical evaluation team consisted of technical experts from the Council's Capital Construction Service and Housing Teams, a representative from Kyle Smarts Associates and a representative from Summers-Inman. Concertus and Pick Everard were technical advisors that reviewed the submissions and provided their comments to the evaluation panel to inform their scoring. The Council's Head of Procurement advised on the evaluation and led the moderation of the quality scores.
18. The financial assessment was conducted by requesting prices and cost breakdowns from each bidder to enable a comparison to be made.
19. The tender with the lowest cost (that has met all the quality thresholds) gained the full marks available for the price element of the evaluation. All other tenders over and above the lowest price tender scored a proportion of the marks available on a pro-rata basis. This was calculated using the percentage their cost would need to reduce to match the lowest price and reducing their score by the same percentage. This was calculated using the following formula:

(Lowest cost offered / Price offered by a particular tenderer) x 70
20. Contractors were invited to submit a tender based on a stipulated construction period of 112 calendar weeks, to comply with the funding condition from Homes England to complete the scheme by 31st March 2021. Contractors were also asked to submit a preferred construction period based on their optimum method of working.
21. No contractors submitted a tender sum to deliver the construction within 112 weeks.

The table below shows the alternative construction periods submitted.

Contractor	Period for alternative construction period (weeks)
Contractor A	196
Contractor B	206
Contractor C	196
Contractor D	139

22. Only one contractor submitted a tender sum that is within the £34M budget that was specified in the invitation to tender.
23. Two contractors were removed from consideration following the initial financial assessment as the tender sums they had submitted were so much higher than the lowest tender that it would not be possible for them to overturn the points deficit caused by the financial scoring.
24. The table below provides an anonymized summary of the tender evaluation.

Contractor	Quality evaluation score	Financial evaluation score	Total score
Contractor A	18.38	70	88.38
Contractor B	20.63	58	78.63
Contractor C	Discounted		
Contractor D	Discounted		

25. This report is recommending award of the design and build contract for Houghton Regis Central to Contractor A as they are the highest scoring tender and therefore demonstrate best value for money.

Council Priorities

26. The award of a Design and Build contract for Houghton Regis Central will enable the delivery of affordable extra care housing for Council residents. Houghton Regis Central supports the Council's priorities of enhancing Central Bedfordshire, delivering great resident services, protecting the vulnerable; improving wellbeing, creating stronger communities and being more efficient and responsive. The scheme will make a positive contribution to Houghton Regis town centre by redeveloping a brownfield site and creating an attractive building that provides facilities and retail opportunities to the community. The scheme will provide high quality housing that supports older people to retain their independence and live healthy, active lives.

Corporate Implications

Legal Implications

27. The Council has complied with the EU procurement regime and The Public Contracts Regulations 2015.
28. The proposed contract uses the documents developed by the Joint Contracts Tribunal (JCT) which are standard within the construction industry.
29. The Contract award is subject to observing the usual 10-day standstill period. The contract award may be delayed if any objections are received during this period and at any time before the contract is awarded.

Financial and Risk Implications

30. The development of Houghton Regis Central Extra Care Scheme is identified in the Housing Revenue Account (HRA) Capital Programme. The Council has secured grant funding of £4.26M from Homes England towards the affordable housing element of the scheme, comprising 142 units. Expenditure net of this grant amount will be funded by the HRA.
31. The funding from Homes England is conditional on the completion of the apartments by 31st March 2021. As all tenders were outside this timeframe clarification of the funding position is being sought from Homes England. A significant number of homes will have been delivered by the end of March 2021 and as part of finalizing the contract the Council intends to work with the preferred contractor to investigate opportunities to make improvements to the programme. The Council will ensure the risk is fully understood and mitigated before award of the contract.
32. Details of the budget requirements and risk implications are outlined in detail in exempt Appendix A.

Equalities Implications

33. Central Bedfordshire Council has 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 reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council's procurement processes ensure that due regard is given to the requirements of equality legislation when contracts are being drawn up and awarded.

34. 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. We will comply with relevant British Standards codes of practice such as: *“Design of an accessible and inclusive built environment. External environment. Code of practice”* and *“Design of an accessible and inclusive built environment. Buildings. Code of practice”*.

Public Health

35. 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

36. 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

37. The contract has within it requirements that seek to maximise sustainability in the design and construction of the scheme.

Conclusion and next Steps

38. Contractor A has demonstrated best value through the procurement process. It is recommended that preferred contractor status is granted to Contractor A with a view to entering into a short period of risk mitigation prior to entering into a Design and Build Contract to deliver Houghton Regis Central.
39. The anticipated start on site is the end of February 2019.

Appendices

Appendix A: Budget Requirement and Risk Implications (exempt)

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