

NOTIFICATION OF DECISION TAKEN – FOR PUBLICATION

PLEASE NOTE: THIS FORM MUST BE HAND DELIVERED TO THE DEMOCRATIC SERVICES TEAM WITHIN 1 WORKING DAY OF THE DECISION BEING TAKEN.

FOR USE WITH ALL PORTFOLIO AND OFFICER KEY DECISIONS

Decision taken by:

Cllr Ahmet Oykener, Cabinet Member for Housing & Housing Regeneration

Cllr Dino Lemonides, Cabinet Member for Finance and Efficiency

Ian Davis, Director, Regeneration & Environment

James Rolfe, Director, Finance Resources & Customer Services

Summary of Decision Taken including reasons

Appointment of a Building Contractor for the construction of 15 houses at Ordnance Road

The report recommends appointing a building contractor to construct the 15 new Council houses on the Council's development at 65-69 Ordnance Road, as delegated by Cabinet.

PLEASE SPECIFY CATEGORY OF DECISION: Key

If Key, please quote the Forward Plan reference number: KD 4281

Any alternative options considered and rejected:

Please refer to paragraph 4.1 of the Part 1 main report.

Was the decision made in Part 1 or Part 2? If Part 2 please give the relevant paragraph of the Access to Information Act. PART 1

Interests Declared in Respect of the Decision (and by who):

N/A

NOTE: This form must be signed and dated by the decision taker(s) – see below:

The date specified will be taken as the date that the decision was made.

Signed



Cabinet Member for Housing & Housing Regeneration

Cllr AHMET OYKENER

Date

20/06/2016

Signed



Cabinet Member for Finance & Efficiency

Cllr DINO LEMONIDES

Date

27/6/2016

Signed



Director - Regeneration & Environment

IAN DAVIS

Date

20/6/16

Signed



Director – Finance, Resources & Customer Services

JAMES ROLFE

Date

27/6/16

MUNICIPAL YEAR 2016/2017 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

PORTFOLIO DECISION OF:

Cllr Ahmet Oykenen
Cabinet Member for Housing & Housing
Regeneration
Cllr Dino Lemonides,
Cabinet Member for Finance & Efficiency

Agenda – Part: 1

KD Num: 4281

Subject: Appointment of a Building
Contractor for the construction of 15
houses at Ordnance Road

Wards: Enfield Lock

REPORT OF:

Director – Regeneration & Environment
Director of Finance, Resources &
Customer Services

Contact officer and telephone number: Nick Fletcher (tel: 0208 379 1781)

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1. EXECUTIVE SUMMARY

- 1.1 In March 2016, planning consent was granted for the Council's own development of 15 houses for affordable rent, on the former Kettering Hall and public house site at 65-67 Ordnance Road, in Enfield Lock.
- 1.2 In March 2016, by approval of the 'Small Housing Sites Phase 2a Delivery' report (KD4161) Cabinet delegated authority to approve expenditure of the final scheme budgets and the appointment of a building contractor for the construction of 15 houses at Ordnance Road.
- 1.3 The Council has undertaken a procurement process to appoint a building contractor. Tenders have been received and evaluated, and due diligence has been undertaken on the preferred contractor. This report recommends that the Council enters into contract with the most economically advantageous tenderer. The most economically advantageous tender is within the Council's budget that was agreed by Cabinet in March 2016.
- 1.4 In June 2015, Cabinet authorised the Council to use Compulsory Purchase Order powers (KD4120), if necessary on a number of identified small housing sites, including the site at 65-67 Ordnance Road. The intention is to incorporate a small parcel of unregistered land in unknown ownership, which currently sits on the alleyway to the south-west of the development site, as per the planning consent for the scheme, as part of the mews street. The Council will use CPO powers for the whole site to clear the title of any other third party rights.

2. RECOMMENDATIONS

It is recommended that;

- 2.1 The building contractor with the most economically advantageous tender is awarded the contract to construct the 15 houses at Ordnance Road as set out in paragraph 3.11.

3. BACKGROUND

- 3.1 Cabinet authorised the funding of the Council's Small Housing Sites Phase 2: Group A developments in March 2016. This initial group of Phase 2 of the Small Housing Sites Rolling Programme will deliver 28 houses; 15 of which will be for affordable rent at Ordnance Road, and 13 which will be for private sale at Padstow Road, Perry Mead and Hedge Hill.
- 3.2 Planning consent for the Council's proposed development of 15 new houses for affordable rent at the former Kettering Hall and pub site at 65-67 Ordnance Road was granted in March 2016. Of the 15 houses; eleven will be three storey 3-bed terraced houses, and four will be single storey 1-bed houses.
- 3.3 The Council's design team has prepared detailed design information, and the Council has undertaken a procurement process to appoint a building contractor. Tenders have been received and evaluated, and due diligence has been undertaken on the preferred contractor. This report recommends that the Council enters into contract with the most economically advantageous tenderer to construct the 15 new houses at 65-67 Ordnance Road.

TENDERING PROCESS

- 3.4 In line with the requirements in the Council's Contract Procedure Rules for works under the OJEU threshold, five contractors were invited to submit a tender, having informally expressed an interest.
- 3.5 The Council opted for a single stage tendering process, which required contractors to price the works and propose a fixed price in their tender submission. The contractors were given seven weeks to return a tender submission through the Council's e-tendering portal.

- 3.6 The Council has invited tenders for a JCT Design & Build form of contract, which passes more design risk onto the contractor.
- 3.7 The Council's architects had prepared a detailed set of RIBA Stage 4b (Old RIBA Stage E) drawn information, and Council officers and QS consultants prepared a set of Employers Requirements and specification which enabled contractors to prepare a tender submission. A number of clarifications were made, and Council officers and the Design Team met the contractors for a midway clarification meeting to discuss proposals in more detail.

EVALUATION OF TENDERS

- 3.8 The Council received four tenders from the five contractors that were invited. One of the contractors notified the Council that they were regrettably unable to resource another project because their organisation is at full capacity, which is a reflection of the particularly busy construction market.
- 3.9 The Council and consultants evaluated the four tenders that were received as per the evaluation and scoring criteria which gave 70% weighting to the fixed price, and 30% weighting to qualitative criteria which considered the relevant experience and precedent schemes/quality of workmanship (15%), proposed programme (10%), and health and safety method statement (5%) from each contractor.
- 3.10 Details of the tender evaluation contain commercially sensitive information and are included in Part 2 of this report.
- 3.11 The most economically advantageous tender was from Neilcott Construction Limited. Further details on their tender are included in the Part 2 report.

Social Value

- 3.12 The preferred contractor has agreed to fund an apprentice in general business administration/customer service or an IT related role and anticipate that the role would be based upon site assisting their Community Manager and undertaking general administrative and document control duties.

REVISED SCHEME BUDGET

- 3.13 Cabinet previously approved a construction budget of £3,482,817, within an overall development project budget of £3,791,301, which was inclusive of all associated development

costs such as professional fees, investigations, demolitions and planning obligations.

- 3.14 The budget previously approved by Cabinet in March 2016 has now been updated to reflect the tender price for construction works from the recommended contractor's tender.
- 3.15 This report recommends that the expenditure of a revised total development project budget is authorised to enable completion of the development of 15 houses at Ordnance Road. More information on this budget is included in Part 2 of this report.

PROGRAMME

- 3.16 The recommended contractor, Neilcott Construction Ltd has proposed a programme of 64 weeks in total, with 12 weeks lead-in and 52 weeks on site. They anticipate a start on site in September and estimate that handover of completed homes will be in September 2017.

Planning Conditions

- 3.17 There are approximately forty planning conditions in the Decision Notice, many of which are pre-commencement conditions which the Council's Housing Development & Renewal, Design Team and contractor will work towards discharging.
- 3.18 A planning conditions tracker has been set up, and this will be actioned by the Design Team and the Contractor and deadlines for submission and then discharge by the Enfield Planning Authority (Development Management) will need to be adhered to.
- 3.19 If conditions are not discharged within 8 weeks, HD&R will instruct the contractor to progress, assuming deemed discharge.

Compulsory Purchase Order update

- 3.20 There is a small parcel of unregistered land in unknown ownership on the site, and the Council is exercising Compulsory Purchase Order powers to ensure that this parcel of land is vested to the Council. The land referencing is currently being undertaken and a Section 5A notice was served at the site on 5th May 2016. No claim for ownership of the land has been made.
- 3.21 The Statement of Reasons justifying the use of CPO powers has been prepared and an application will shortly be made to

Secretary of State for the CPO to be confirmed. The Council has included the whole of the development site within the proposed Order Land boundary to ensure that the title is cleared.

4. ALTERNATIVE OPTIONS CONSIDERED

Alternative procurement processes

- 4.1 Construction frameworks were considered but discounted given that the value of the project is below the OJEU threshold.
- 4.2 Two stage tendering was considered, especially as it is preferred by most contractors because it is less resource intensive and allows greater scope for negotiation; however a single stage tendering process was undertaken to ensure more certainty for the Council with a fixed price, and to satisfy the Council that a more competitive process has been undertaken.

Alternative forms of contract

- 4.3 Traditional form of contract was considered but a Design & Build contract is considered to be most straightforward for the Council, and it reduces the Design Risk for the Council as client.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The Council has undertaken a competitive tendering exercise to appoint a building contractor to construct the homes at Ordnance Road. By authorising the recommendations in this report, construction work can commence during autumn 2016, and Council powers can be used to ensure that all due diligence and third party rights issues can be addressed.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 Provision has been made in the current version of the 30 year HRA Business Plan to fund this scheme. For more detailed information, please refer to the Part 2 report.

6.2 Legal Implications

- 6.2.1 The contents of this report constitute a Key Decision as the recommendation to accept the recommended tender for the works will

lead to capital expenditure exceeding £250,000. This item has been included in the Key Decision List reference KD 4161. Once approved the decision to proceed will be subject to the usual five day call-in period.

- 6.2.2 The Council has the power under Section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.. The Council also has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to Public Law principles.
- 6.2.3 Throughout the engagement of the service provider, the Council must comply with its obligations with regard to obtaining best value under the Local Government (Best Value Principles) Act 1999.
- 6.2.4 The resultant legal contracts required in association with this matter must be in a form approved by the Assistant Director (Legal Services and Governance).
- 6.2.5 As the contract value for the works exceeds £250,000 a performance bond will be required on behalf of the Contractor, and must be executed and received before work starts on site (anticipated to be in September 2016).

6.3 Property Implications

- 6.3.1 Strategic Property Services supports the construction and delivery of the additional housing units at Ordnance road, Enfield Lock.
- 6.3.2 The use of a Design and Build construction contract should enable the transfer of significant levels of risk to the contractor in terms of pricing and design. Care should however be taken in the employers requirements to ensure that all elements and required outputs are adequately and appropriately defined to avoid ambiguity leading to possible future claims or variation orders being issued.

7. KEY RISKS

- 7.1 There are a number of risks associated with this project, with the Council taking on the role of developer and directly commissioning a contractor through a Design & Build contract, though the JCT form of contract does pass design risk onto the contractor.
- 7.2 The key risks are set out in Part 2 of this report.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

This is included in the Small Housing Sites Phase 2: Group A delivery report, authorised by Cabinet in March 2016.

8.2 Growth and Sustainability

This is included in the Small Housing Sites Phase 2: Group A delivery report, authorised by Cabinet in March 2016.

8.3 Strong Communities

This is included in the Small Housing Sites Phase 2: Group A delivery report, authorised by Cabinet in March 2016.

9. EQUALITY IMPACT IMPLICATIONS

- 9.1 As part of the tender, a satisfactory equalities and diversity policy was a pass/fail requirement. The recommended contractor has a comprehensive equalities and diversity policy.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1 Please refer to Part 2 of this report.

11. HEALTH AND SAFETY IMPLICATIONS

- 11.1 The Council has appointed a Principal Designer, from the consultants Mott MacDonald who is responsible for fulfilling the obligation under the Construction (Design and Management) Regulations 2015. The Principal Designer has and will continue to undertake the required pre-construction activities, and activities during the construction works programme in liaison with the principal contractor.
- 11.2 The Principal Designer evaluated the qualitative Health & Safety aspects of the tenders, and the preferred contractor Neilcott Construction Ltd scored highly in this area, with a comprehensive methodology for site safety.

12. PUBLIC HEALTH IMPLICATIONS

- 12.1 This is included in the Small Housing Sites Phase 2: Group A delivery report, authorised by Cabinet in March 2016.

Background Papers

There are no background papers for this report.