

MUNICIPAL YEAR 2019/2020 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

PORTFOLIO DECISION OF:

Cllr Caliskan, Leader of Council

REPORT OF: Director of
Housing and Regeneration
and Director of Finance

Agenda – Part: 1

KD Num: 4965

Subject: Appointment of Building Contractor
for the construction of 12 houses at
Newstead House

Wards: Haselbury

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1. EXECUTIVE SUMMARY

- 1.1 The delivery of good quality affordable Council homes is a key priority for Enfield Council. Housing is a key driver to achieving Enfield's vision of a place where people choose to live and work.
- 1.2 In April 2018, planning consent was granted for the Council's own development of 12 houses for affordable rent at Newstead House.
- 1.3 In February 2019, Cabinet approved (KD4830) Strategy for Building Better Council homes. The report recommended to delegated authority to Cabinet Member for Housing in consultation with Director of Finance to approve individual schemes in the Building Council Homes for London housing programme and in consultation with the Director of Law and Governance approve the procurement and award of works contracts and consultants in support of the BCHL development programme.
- 1.4 The Council has undertaken a procurement process to appoint a building contractor. Tenders have been received and evaluated, and due diligence has been carried out on the preferred contractor. This report recommends that the Council enters into contract with the most economically advantageous tenderer.

2. RECOMMENDATIONS

It is recommended that;

- 2.1 Subject to approval of the HRA 30-year business plan KD4969 the expenditure to deliver this project is approved as set out in Part 2 of this report.
- 2.2 The building contractor with the most economically advantageous tenderer is awarded the contract to construct 12 houses at Newstead House as set out in paragraph 3.14 of this report.

3. BACKGROUND

- 3.1 In September 2014, cabinet approved the strategy to bring forward underutilized garage sites and estate land for the development of new homes “Small Housing Sites: Five-Year Programme (KD3920). The report authorised the budget to progress design works to deliver approx. 100 new homes including the Council’s approach for developing council owned sites across the borough for housing as part of the Small Housing Sites rolling programme. Newstead House was included in this programme and design works were progressed with the Council’s architect resulting in a planning application being submitted in 2016.
- 3.2 Following the Council’s commitment to directly deliver more council housing the scheme was included in the wider development programme. Planning consent for the Council’s proposed development of 12 houses for affordable rent at Newstead House (Site 2) was granted in April 2018. The planning consent also included the development of Maldon Road car park (Site 1)
- 3.3 Newstead House is a former sheltered housing block which will be demolished and re-developed to provide 12 new 2-storey houses consisting of ten 3beds and one 2bed (wheelchair home).
- 3.4 A programme to decant residents out of Newstead House commenced in 2016, all residents have now been re-located to alternative accommodation with the option to return to Maldon Road.
- 3.5 The Council appointed STACE as the contract administrators for the delivery of the project and a design team in July 2019, to prepare detailed design in order to undertaken a procurement exercise for the appointment of a building contractor. The procurement process has now been completed and tenders have been returned and evaluated.

TENDERING PROCESS

- 3.6 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 formally expressed an interest.
- 3.7 The Council opted for a single stage tendering process, which required the contractors tendering for the works to price the works and propose a fixed price in their tender submission. The contractors were initially given six weeks to return their tender submission through the London Tender Portal.
- 3.8 The Council invited tenders for a JCT Design & Build form of contract, which passes more design risk to the contractor.

- 3.9 The Council's architects prepared a detailed set of design drawings along with a revised set of Council's Employers Requirements and specification which enabled the contractors to prepare a fully priced tender submission. By designing to RIBA Stage 4 Technical stage, the Council is able to control the quality and achieve more cost certainty through the procurement.

EVALUATION OF TENDERS

- 3.10 A list of five tenderers were jointly selected by the project team based on expression of interest, location, turnover, relevant experience, Construction Line status and proven experience working with the client team. A pre-qualification check through Construction Line was carried out on the contractors invited to tender as such the procurement was based on 100% fixed price.
- 3.11 The Council received three tender returns from the five contractors that were invited to tender.
- 3.12 The Council's consultants have evaluated the three tenders that were received as per the evaluation criteria which was based on 100% fixed price.
- 3.13 Details of the tender evaluation contains commercially sensitive information and are included in Part 2 of this report.
- 3.14 The most economically advantageous tender is awarded the contract. Further details of their tender submission are included in the Part 2 report.

Social Value

- 3.15 The preferred contractor will be required to provide a minimum of two apprenticeship placements and a written employment and skills strategy demonstrating the provision of employment and training for of people from the local area during the construction. This initiative will be discussed and agreed once the contractor's appointment is confirmed.

PROGRAMME

- 3.16 The preferred contractor submitted a tender programme of 62 weeks in total, with 10-weeks lead-in period from contract award and 52 weeks construction. The preferred contractor anticipates a start on site in May 2020 and estimate that handover of completed homes will be in May 2021.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Construction frameworks were initially considered but discounted given that the value of the project is below the OJEU threshold.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The Council has undertaken a competitive tendering exercise to appoint a building contractor to construct the homes at Newstead House. By authorising the recommendations in this report, construction works can commence May 2020.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.2 Contains commercially sensitive information please refer to Part 2 of the report

6.2 Legal Implications

- 6.2.1 The Council has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles. This includes the power to enter into contracts. In addition, Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions.
- 6.2.2 This is a below threshold procurement of a works contract and as such the Public Contracts Regulations 2015 do not apply. However, the Council must comply with all requirements of its Constitution including the Contract Procedure Rules ("CPRs"). Under CPR 3 works contracts with a value of above £500,000 but below the EU threshold require 5 quotes to be received. Whilst 5 contractors were invited to tender, as only 3 quotes were actually received, the P&C Hub must approve the award. This decision together with all supporting documentation must be retained in the E-Tendering portal. CPR 3.7 permits the use of Constructionline for the selection of pre-approved suppliers for Works procurements falling below the EU Threshold.
- 6.2.3 As the value of the contract is above £250,000 the contract will be required to be sealed in legal services.

6.3 Property Implications

- 6.3.1 Newstead House has been identified for development and the proposal provides delivery of good quality affordable Council homes, which is a key priority for Enfield Council as outlined earlier in this report.
- 6.3.2 All new or revised asset data arising out of the proposed works must be sent by the Project Manager to Housing Property Services for input onto the Asset Management Data System, APEX, including revised site plans, floor plans, asset information and maintenance regimes.

6.4 Procurement Implications

- 6.4.1 The procurement was undertaken using the London Tenders Portal (ref DN441244).
- 6.4.2 A business case was presented to the Procurement & Commissioning Review Board on 10/09/2019 that reviewed the procurement and approved.
- 6.4.3 As the contract is over £250k the service must ensure that sufficient security has been considered.
- 6.4.5 The service must ensure that authority to procure has been obtained and must be uploaded onto the London Tenders Portal.
- 6.4.6 The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.
- 6.4.7 The awarded contract must be promoted to Contracts Finder to comply with the Government's transparency requirements.

7. KEY RISKS

- 7.1 The key risks are mainly related to construction and market conditions. The Council is mitigating this risk by appointing a multi-disciplinary team, designing a scheme that is viable and affordable within the Council's HRA business plan and commissioning a contractor through a Design & Build Contract, which will be closely monitored throughout the construction phase.
- 7.2 A project risk register has been set up and key risks are set out in Part 2 of the report.

8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

- 8.1 **Good homes in well-connected neighbourhoods** this development will increase the supply of affordable housing for residents living in the borough and will contribute towards the council new homes housing target.
- 8.2 **Sustain strong and healthy communities** this development will provide much needed good quality housing for residents.

- 8.3 **Build our local economy to create a thriving place** this development is located within easy walking distance of good public transport services and local shops and amenities the PTAL rating of 2/4 reflects this.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1 Corporate advice has been sought and whilst there are no equality implications in agreeing the contractor, we will complete a Predictive Equalities Impact Assessment to ensure that the contractor supports the Council to its obligations under the Public Sector Duty of the Equality Act 2010. In addition to this it should be noted that any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010. In particular to reduce socio-economic disadvantage by using local labour and local chain supplies, providing apprenticeship places for young people.

10. PERFORMANCE AND DATA IMPLICATIONS

- 10.1 The Council and Employers Agent will monitor the performance of the contractor against the tendered programme, milestones and critical path and ensure that staged payments are made to the contractor based on progress against the agreed programme.
- 10.2 As stipulated in the Council's Employers Requirements, on entering into Contract the Contractor shall provide a Performance Bond from a bank, insurance company or guarantee society approved by the Employer, for a sum equal to 10% of the Contract sum for securing the due and complete performance of the Contract and all obligations to which the Contractor may be liable under the Contract.

11. HEALTH AND SAFETY IMPLICATIONS

- 11.1 The Council has appointed a Principle Designer, from the consultants Stace who are responsible for fulfilling the obligation under (CDM) Construction Design Management Regulations 2015. The Principle Designer has and will continue to undertake the required construction activities including during the construction works programme in liaison with the principle contractor.
- 11.2 The Principle Designer has reviewed the Health & Safety documents from the tenders and confirmed the preferred contractor Neillcott Construction Limited documents were acceptable.

12. PUBLIC HEALTH IMPLICATIONS

- 12.1 Housing is a basic tenet of a healthy life as evidenced by the 30 gap in life-expectancy between homeless people and the general population.

Building good quality social housing will therefore have a positive effect on the health of the public.

Background Papers

None

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