

# Housing Management Consultative Committee

**Agenda Item 11**  
Brighton & Hove City Council

<b>Subject:</b>	<b>Authority to award a construction contract for the building of 15 new council homes at Ainsworth House.</b>		
<b>Date of Meeting:</b>	<b>13 June 2011</b>		
<b>Report of:</b>	<b>Strategic Director of Place</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Martin Reid</b>	<b>Tel: 292551</b>
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No. HSG 22910</b>	
<b>Wards Affected:</b>	<b>Hanover &amp; Elm Grove</b>		

## FOR GENERAL RELEASE

### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 Improving housing supply is one of the key strategic priorities of the City-wide Housing Strategy. A key goal is to increase the supply of affordable rented housing including building new Council homes. Planning approval for the Ainsworth House proposals was awarded on 27 April 2011.

This report requests delegated authority to award the contract in relation to the construction works at Ainsworth House.

The report summarises the work to procure a contractor undertaken to date.

### 2. RECOMMENDATIONS:

- (1) That the HMCC supports the proposal that the Cabinet Member for Housing delegates authority to the Strategic Director of Place to award and enter into the design and build contract for Ainsworth House. This requires awarding and entering into a contract with a delivery partner following a competitive procurement process via the Homes and Communities Agencies Delivery Partner Panel. The approximate contract value is £1.6m.

### 3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Ainsworth House is a vacant council-owned older style sheltered housing scheme. The council de-commissioned the scheme in 2009 recognising that the standard of accommodation falls below today's standards and tenants' expectations. The scheme was fully decanted in December 2009.
- 3.2 It was recommended at 14th June 2010 Housing Management Consultative Committee meeting that the procurement options and tender process for building

new council homes at Ainsworth House be a priority scheme to be developed with the Tenant Working Group made up of members of the Asset Management Panel and the Repairs & Maintenance Monitoring Group.

- 3.3 A proposal to develop 15 new affordable homes for rent was agreed with the tenant working group in September 2010. The scheme will provide 15 new affordable homes, including 3 x 4 bedroom houses & 2 fully wheelchair accessible homes. The scheme meets the requirements of the Affordable Housing Brief to meet the demand for affordable homes in the City.
- 3.4 The development is being funded through a grant from the Homes and Communities Agency and HRA capital reserves.
- 3.5 Cabinet approved the development of procurement, design and delivery options for the delivery of new build council homes on identified sites on 11 November 2010.

### **The Delivery Partner Panel**

- 3.6 The intention is to award a construction contract for Ainsworth House using the Homes and Communities Agency's Delivery Partner Panel to procure the construction work.
- 3.7 The panel has been procured through a fully compliant OJEU process. Notice ref. 2009/S144-211068. Local Authorities were identified in the OJEU notice as being able to procure through the panel.
- 3.8 All Panel Members have signed a Framework Agreement with HCA. The Framework Agreement establishes overall high level terms and conditions for the Panel and includes key contractual provisions.
- 3.9 Construction and other services are procured by the council from the Panel via a mini tender process, as opposed to having to conduct a full OJEU procurement process, resulting in significant time and efficiency savings. Other benefits include greater innovation, greater efficiency, a wide choice of pre-qualified suppliers and the option to retain the same team from the beginning to the end of a project.
- 3.10 Officers considered that using the Delivery Partner Panel allows the Council to procure the required new-build works within the timeframe permitted, with reduced expenses incurred.
- 3.11 Therefore the project board and tenant working group decided to proceed with using the Delivery Partner Panel Framework. The necessary approvals to use the Framework were obtained from the Procurement Strategy Manager and the Lead Commissioner for Housing on 16 December 2010 in consultation with the Lead Member for Housing.

### **The Expression of Interest process**

- 3.12 All seventeen Framework Agreement contractors who are part of the 'Southern Cluster' (see Appendix 1 for full list) were invited to express their interest against outline project information. Four contractors on the Panel chose to express interest.
- 3.13 These four contractors were then evaluated against criteria agreed between the project board and the tenant working group at a sifting brief stage. The evaluation was carried out by the Procurement Sub-Group (with three tenant representatives) under the guidance of the Corporate Procurement Team, and oversight from Legal. (This group will also be evaluating the mini-tender to ensure consistency of approach).
- 3.14 It was agreed that all four firms met the quality criteria set and would be invited to tender.

### **Mini-Tender**

- 3.15 The appointment of a preferred contractor using the Delivery Partner Panel is based on structuring the Mini-Competition Tender Documents around the specific stakeholder and project requirements.
- 3.16 The Tender will then be evaluated by the Procurement Sub-Group on a Quality/Price basis and weightings to be used identified within the Invitation to Tender.
- 3.17 The form of build contract proposed will be a standard JCT form of contract.

### **Procurement Timetable**

May 2011 – Invitation to Tender Issued  
Mid June 2011 – Tender returns back  
Mid-End June – Tender Evaluation  
July 2011 – Issue of Contract (JCT).

## **4. CONSULTATION**

- 4.1 Resident involvement key to the delivery of this project, through the Tenant Working group. This group are involved in the procurement, design & delivery process of the project
- 4.2 Consultation has been undertaken through the formal planning process; no formal objections have been made to the scheme. Local councillors have been kept informed of the development. Residents have also been kept informed through press releases and articles in local media.

## 5. FINANCIAL & OTHER IMPLICATIONS:

### 5.1 Financial Implications:

Funding of £1.974M for the Ainsworth House project is included within the Housing Revenue Account Capital Programme 2011-14 approved by Cabinet on 17th February 2011.

*Finance Officer Consulted: Monica Brooks*

*Date: 04/05/11*

### 5.2 Legal Implications:

The construction works for the Ainsworth House project are of the value of approximately £1.6M which is below the EU procurement threshold for works (which is £3,927,260). However, any procurement of works at this value needs to be in accordance with the tender processes set out under the Council's contract standing orders for this value of contract. This could be done either by way of the Council running a competition itself which satisfies the Council's contract standing orders or by using an existing framework arrangement which has been procured in line with the Council's contract standing orders. The Homes and Communities Agency has set up the Delivery Partner Panel to help the HCA and its partner organisations, including the Council, who are involved in development projects to procure development and construction work more efficiently. The Framework Agreement which the HCA state has been procured following a full OJEU compliant procurement process establishes the overall high level terms and conditions for the Panel. The works are being procured using the Delivery Partner Panel under a mini tender process which is used to define the detailed project specific requirements. Following the mini tender process, the project specific form of construction contract (likely to be a JCT form of contract) will be awarded and signed with the preferred bidder.

Under CSO 3.1, the entering into of contracts by the Council which are valued in excess of £500,000 may only be authorised by the relevant Cabinet Member, which in this instance is the Cabinet Member for Housing.

*Lawyer Consulted: Isabella Hallsworth*

*Date: 12/05/11*

### Equalities Implications:

- 5.3 Building New Council Homes Project, of which Ainsworth is the pilot scheme, relates to key priorities within the Citywide Housing Strategy. An equality impact assessment has been carried out on the Citywide Housing Strategy during its development with the strategy containing a summary of the assessment. Additional Equality Impact Assessments will be undertaken as the strategy action plans are implemented over the next few years.
- 5.4 The overall procurement process, including the evaluation criterion for both the sifting brief stage and final tenders will ensure relevant compliance with equality legislation through the Council's Procurement Service and throughout the tender

evaluation to ensure all equality requirements have been undertaken in a fair and transparent manner.

Sustainability Implications:

- 5.5 The development at Ainsworth House will meet the high standards of Level 4 of the Code for Sustainable Homes to achieve 44% lower CO2 emissions than the minimum levels in building regulations. This will be achieved through an integrated, design-led approach so that insulation, heating and ventilation systems work together to maximise cost effectiveness in construction, and minimise future tenant fuel costs.

Crime & Disorder Implications:

- 5.6 Ainsworth house is currently an empty property and has attracted some anti-social behaviour and graffiti. Re-development of the Ainsworth site will therefore result in a reduction in crime and disorder in the immediate area and will also improve the streetscape in the form of landscaping and better use of the land.

Risk and Opportunity Management implications:

- 5.7 Policy development in this area is undertaken with due regard to appropriate risk assessment requirements. A risk register has been maintained by the Project Team. All risks will be adequately addressed in the contractual documents.

Corporate/Citywide Implications:

- 5.8 This work has been commissioned against the key priorities of the Citywide Housing Strategy 2009-2014: to identify opportunities to improve and develop deprived neighbourhoods; increase the number of affordable homes; and, make best use of the city's assets by investing in and improving the stock.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 What are the alternatives to using the Panel?

A full OJEU procurement process was considered, however it was felt to be more efficient to use the Delivery Partner Panel Framework to procure, as Procurement timelines associated with a full OJEU process are reduced as the framework provides a large number of pre-qualified contractors (the 'Southern Cluster'). This process also provides greater efficiency and a wide choice of suppliers who are experienced in delivering social housing.

**7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 To enable the council to enter into a design and build contract for the construction of 15 new council homes on the Ainsworth House site.

## **SUPPORTING DOCUMENTATION**

### **Appendix 1 – Southern Cluster Contractors**

#### **Southern Cluster**

Ardmore First Base Partnership  
Barratt Developments Plc  
Bouygues UK Ltd  
Carillion Igloo Consortium  
Countryside Properties (UK) Ltd  
Crest Nicholson Operations Limited  
Family Mosaic Home Ownership Limited  
Galliford Try Plc  
Hadley Mace Limited (consortium)  
The Leadbitter Consortium  
Kier Group plc  
Laing O'Rourke Construction Limited  
Lovell Partnerships Ltd  
Mi-Space (UK) Ltd  
Skanska Construction UK Ltd  
Taylor Wimpey UK Ltd  
Wates Construction Ltd