

<b>Subject:</b>	<b>New Homes for Neighbourhoods - Procurement of Sports Pavilion</b>		
<b>Date of Meeting:</b>	<b>13 November 2019</b>		
<b>Report of:</b>	<b>Executive Director for Neighbourhoods, Communities &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jo Thompson</b>	<b>Tel: 01273 291466</b>
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<b>Ward(s) affected:</b>	<b>South Portslade;</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

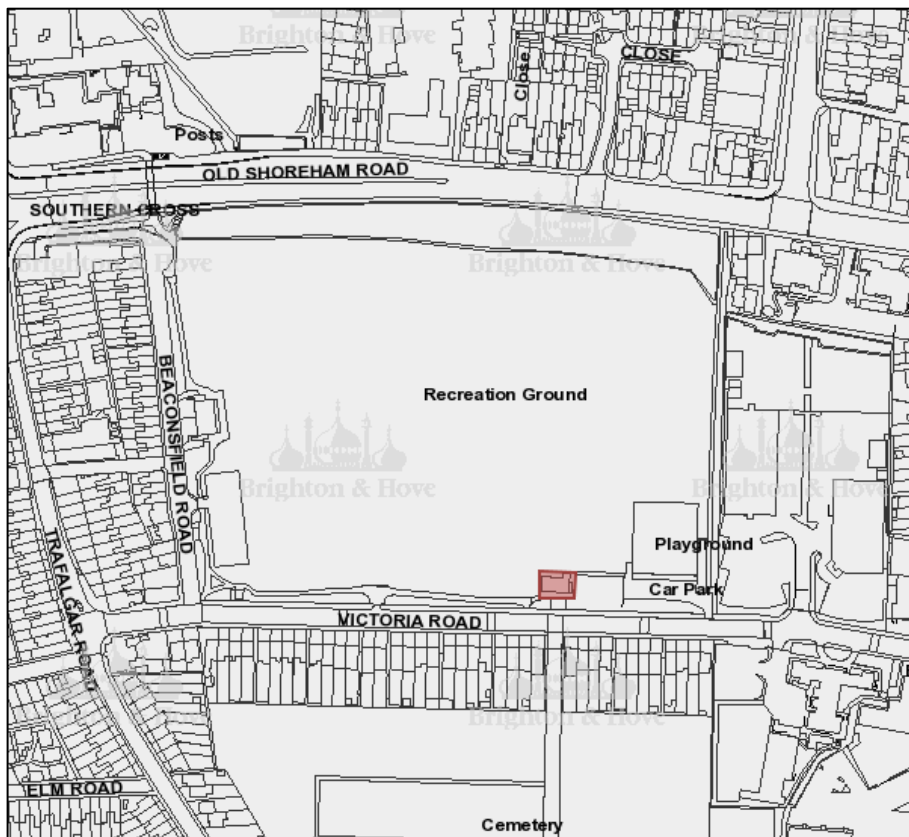
- 1.1 In November 2018, Housing & New Homes Committee approved a budget of £12.914m for the construction of 45 new council homes as well as a Sports Pavilion to be delivered through the council's City Build Construction Partnership with Morgan Sindall.
- 1.2 The council's Quantity Surveyors (Potter Raper) have carried out an independent review of Morgan Sindall's order of costs for the Sports Pavilion. These latest costs have exceeded the budget approved by Housing Committee for the delivery of the Sports Pavilion. This is not unexpected since the project is smaller than would normally be undertaken by the Partnership. As such, Potter Raper are unable to recommend Best Value and have advised that the council tests the market by exploring a different procurement route for the delivery of this project.
- 1.3 This report explains the procurement pathway which has been chosen for the project and outlines the reasons why.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee notes the reasons why Urgency Powers were exercised by the Executive Director for Neighbourhoods, Communities and Housing and Head of Legal Services to use a different procurement route to the one agreed by Housing Committee on 14 November 2018;
- 2.2 That the Committee agrees to delegate authority to the Executive Director for Neighbourhoods, Communities and Housing and Head of Legal Services to procure and award a contract under a suitable framework or through an open procurement process.

### 3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The scheme will make an important contribution towards achieving the council's target of 800 additional council homes in the next four years. The budget for the project is being financed by a combination of HRA borrowing, right to buy receipts and Government Land Release Funding (LRF) of £0.340m. LRF was secured to help towards the costs of the new Sports Pavilion in order to facilitate and accelerate the delivery of housing.
- 3.2 The council has submitted a planning application for the building of a new Sports Pavilion in Victoria Road Recreation Ground. The new Pavilion will provide accommodation for Portslade Bowls Club as well as football changing room facilities. Its construction will enable Portslade Bowls Club to vacate their existing premises on the former Housing Office site, next to Portslade Town Hall, to facilitate the building of 42 new council homes. The site is located in the south eastern corner of Victoria Recreation Ground, where the former football changing rooms used to be situated. The old Pavilion was in an extremely poor state of repair and was demolished in June 2019 as part of Morgan Sindall's enabling works package associated with the housing scheme. The site is now hoarded in preparation for the construction of the new Sports Pavilion and bowling green.



- 3.3 The project is at a critical stage. In order to keep on programme, the construction of the Pavilion will need to commence no later than the beginning of February 2020. Officers therefore need to ensure that the procurement process is completed early in the New Year, to allow sufficient time for the successful contractors to mobilise prior to the start of the main works.
- 3.4 A briefing paper was produced for the Chair of Housing by the Project Manager on 10 October, recommending that officers test the market by using an

alternative procurement route to the Strategic City Build Partnership. Following this advice, the Chair of Housing sent an email on 18 October supporting this approach. On the 26 October, the Executive Director for Neighbourhoods, Communities and Housing exercised her Urgency Powers to authorise using a different procurement route to the one agreed by Housing Committee on 14 November 2018.

#### 4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The options set out in the briefing paper prepared for the Chair of Housing were:

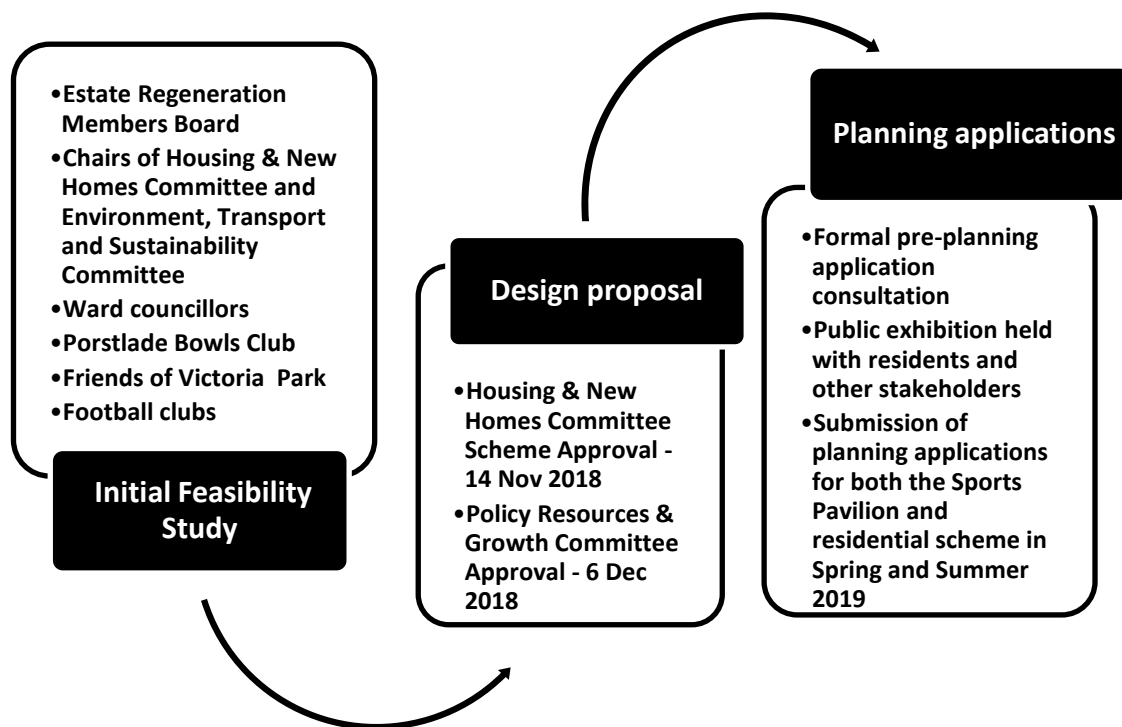
Options	Opportunities	Risks
Option 1 – Do nothing	<ul style="list-style-type: none"> <li>• Not testing the market would significantly delay the consideration of cost</li> <li>• Our QS and Members would not have sufficient information to make a decision on Best Value and the preferred delivery route</li> </ul>	<ul style="list-style-type: none"> <li>• This would cause significant delay to the project Programme</li> <li>• It would also jeopardise the Land Release Funding earmarked for the new Pavilion which needs to be spent within a certain timeframe</li> </ul>
Option 2 – Look at separating the contracts for the Sports Pavilion and Housing schemes	<ul style="list-style-type: none"> <li>• There are contractors who specialise in constructing sports pavilions, who may deliver a cheaper build</li> <li>• Separating the contracts may reduce the percentage of preliminaries being charged by Morgan Sindall (as a single contractor)</li> </ul>	<ul style="list-style-type: none"> <li>• Seeking a specialist contractor, might cause delay to the construction programme which, in turn, could increase costs</li> <li>• Managing two separate contractors as opposed to one, introduces more complexity and could have a negative impact on programme</li> </ul>
Option 3 – Value engineer to reduce costs	<ul style="list-style-type: none"> <li>• There is an opportunity to re-visit the design and materials as part of a value engineering exercise of the scheme</li> <li>• Could realise a reduction in costs</li> </ul>	<ul style="list-style-type: none"> <li>• The design has emerged as a result of feedback from planning. Fundamental changes to the scheme design and materials may not be acceptable to planners and could result in a refusal</li> <li>• This option may result in the sustainable features i.e. green roof, PV's etc. being value engineered out of the scheme</li> <li>• Value engineering will not influence the biggest cost which is mostly attributable to a higher percentage of preliminaries</li> </ul>

4.2 On the basis of this option analysis and professional advice from the council's Procurement team, officers recommended to the Chair of Housing and Executive Director for Neighbourhoods, Communities and Housing that the council proceed with Option 2. Since then, the Procurement team has investigated options and has identified an existing Orbis Construction Framework which can be utilised for these purposes. This would ensure that the tender process is undertaken swiftly.

## 5 COMMUNITY ENGAGEMENT & CONSULTATION

5.1 During the course of the project, there has been extensive engagement with a number of different stakeholders. The consultation process has been summarised in Fig 1 to ease understanding.

**Fig 1 – Consultation process**



5.2 Officers have met with Portslade Bowls Club officials to establish their requirements for a replacement facility. The design of the latest scheme meets the requirements of both Bowls England and the Club but also includes an artificial bowling green to extend the bowling season, thereby reducing the Club's maintenance obligations. Consultation has also taken place with the Football Foundation and Football Association concerning their requirements for replacement football changing room facilities. They have confirmed that like-for-like replacement of the former changing rooms would not be acceptable and that the new facilities should be compliant with current FA requirements. This has resulted in modifications to the design of the Pavilion since it was approved by Housing Committee in November 2018 and has undoubtedly contributed to the cost pressures.

## 6. CONCLUSION

- 6.1 The former Football Pavilion in Victoria Recreation Ground has been demolished and there is consequently a public expectation that the council is going to proceed to build out the new Sports Pavilion. Realising this first phase of development is also critical for releasing the former Victoria Road Housing site for the delivery of council housing. Land Release Funding was granted by central government in order to accelerate the delivery of housing on this site. It is therefore very important that we progress this project as quickly as possible in order to satisfy Government funding requirements and limit any reputational damage to the council.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 The total estimated budget for this scheme approved by Housing Committee in November 2018 was £0.980m funded by a combination of HRA borrowing and Land Release Funding. The budget includes all construction works, allowances for contingency, inflation and professional fees. Land Release Funding of £0.340m has been received from the MHCLG as a contribution towards the re-provision of the sports pavilion, in order to accelerate the delivery of council homes. There are restrictions that apply to the timing of expenditure. Failure to meet these requirements could result in the grant having to be returned to the MHCLG, putting significant pressure on the viability of the delivery of the scheme. The recommended approach by procurement is considered to provide best value in terms of reducing potential cost increases to the council.
- 7.2 It is anticipated that taking the approach to the procurement of contractors for the sports pavilion will bring the estimated costs back in line with the approved budget. Budget variations will be reported back to Policy & resources as part of the councils financial management policy.

*Finance Officer Consulted: Craig Garoghan*

*Date: 21/10/2019*

### Legal Implications:

- 7.3 The Council's Constitution allows Executive Directors to take decisions which would otherwise go to Committee in cases of Urgency provided that they first consult with the Chair of the relevant Committee and that they report the action taken to the next Committee.
- 7.4 The Council is required to comply with its Contract Standing Orders in respect of this procurement. Using a framework will comply with these rules. The Public Contracts Regulations 2015 do not apply as the contract is below the threshold for a works contract £4,551,413.

*Lawyer Consulted:*

*Alice Rowland*

*Date: 29/10/19*

#### Equalities Implications:

- 7.3 The provision of a new joint Sports Pavilion at Victoria Recreation Ground will bring much needed investment to the Park as well as encourage greater participation by all the community in bowls and football activities, irrespective of race, religion, age, disability or gender.

#### Sustainability Implications:

- 7.4 As part of the integrated design, the council's lead architect undertook a detailed evaluation and consideration of the use of sustainable technologies and where possible these have been incorporated into the developed design. Simple sustainability strategies have been deployed to reduce the demands on non-renewable energy sources and on the main drainage systems. In addition, a low maintenance sedum roof is proposed, providing enhanced biodiversity and the right microclimate for insects and birds to flourish. The roof will also reduce the surface water run-off and increase the life of the roof membrane itself.

#### Crime & Disorder Implications:

- 7.5 The Sports Pavilion has been designed having heed to the requirements outlined in the Secured by Design guidance.

#### Risk and Opportunity Management Implications:

- 7.6 Any risks associated with the project will be closely monitored by the Project Manager and Design Team.

#### Public Health Implications:

- 7.7 The provision of a new joint Sports Pavilion at Victoria Recreation Ground will bring much needed investment to the Park and will encourage inter-generational participation in bowls and football activities. This is likely to have a beneficial impact on the health and wellbeing of local residents and visitors to Portslade.

#### Corporate / Citywide Implications:

- 7.8 The re-location of Portslade Bowls Club through the provision of a new Sports Pavilion in Victoria Recreation Ground will release the former Housing Office site for much needed council housing.
- 7.9 The development of new housing has a strong economic multiplier impact on the local economy, estimated at over £3 of economic output for every £1 of public investment, creating jobs and supply chain opportunities.
- 7.10 Every new home built on small sites helps meet the city's pressing housing needs and deliver the first priority in the council's Housing Strategy 2015 of

improving housing supply. New homes also help bring benefits to the council in the form of new council tax income.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

### **Documents in Members' Rooms**

None

### **Background Documents**

None

