

## BOROUGH OF KETTERING

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<b>Report Originator</b>	John Conway Head of Housing	<i>Fwd Plan Ref No:</i>	
<b>Wards Affected</b>	Avondale Grange, William Knibb	15 September 2020	
<b>Title</b>	<b>HOUSING NEW BUILD PROGRAMME - APPOINTMENT OF CONTRACTORS AND REVISED BUDGET FORECASTS FOR SCOTT ROAD AND ALBERT STREET</b>		

**Portfolio Holder: Councillor Mark Rowley**

### **1. PURPOSE OF REPORT**

- 1.1 To seek approval for the acceptance of tenders for the Scott Road and Albert Street new build schemes (subject to Full Council approval of 1.2).
- 1.2 To request that the Executive Committee recommends to Full Council an increase in the approved budget for the Scott Road and Albert Street projects following the conclusion of the tender process.

### **2. INFORMATION**

- 2.1 The Council's Housing Strategy 2015-2020 sets out three strategic priorities:
  - Increasing housing supply across all tenures
  - Ensuring decent, safe and healthy homes
  - Helping people to live independently
- 2.2 In line with the priority of increasing housing supply across all tenures, the Executive Committee has previously approved proposals to build new council housing for affordable rent.
- 2.3 The new-build programme forms part of a balanced HRA capital programme which has the following elements:
  - Construction of new homes.
  - Major estate refurbishment projects including Homes for the Future.
  - Planned maintenance schemes
  - Disabled adaptations
  - Works to improve the environment, security and safety of housing estates
- 2.4 Pre-contract work and procurement exercises have now been carried out for two new-build schemes:
  - Scott Road - Construction of 22 new flats and houses for rent.
  - Albert Street - Construction of 6 new bungalows for rent.

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- 2.5 This report focuses on the tendering exercise for each of these projects and seeks the Executive Committee's approval to accept the recommended tender in each case.
- 2.6 The Executive Committee is also asked to recommend to Full Council that it amends the approved capital programme to reflect the estimated costs of the Scott Road and Albert Street new-build schemes following the completion of the tender process, cost plan and risk register for the projects.

### **2.7 SCOTT ROAD - CONSTRUCTION OF 22 FLATS AND HOUSES**

- 2.7.1 The Scott Road scheme will provide 22 new affordable rented homes ranging in size from one to four bedrooms. The houses will be built on a brownfield site; formerly used for garages. It is an allocated housing site within the Local Plan and will contribute to overall new sustainable housing delivery for the Borough as well as providing affordable homes for rent.
- 2.7.2 A two-stage, open tender process was carried out by Gleeds Cost Management, acting on behalf of the Council, with the full participation of council officers from the Housing Development and Finance teams.
- 2.7.3 The first stage of the process was to issue a Pre-Qualification Questionnaire (PQQ) to potential tenderers. The Invitation to Tender and PQQ were advertised on the Government's procurement portal, Contracts Finder. Ten submissions were received from interested parties as a result of the notice.
- 2.7.4 Following submission of the completed questionnaires, a financial assessment was carried out by the Council's Finance team and initial health and safety assessments were carried out by the Health and Safety Advisor for Gleeds. This resulted in six contractors being excluded from the second stage of the process. The four remaining contractors were sent the stage two tender documents for completion.
- 2.7.5 Tenders were evaluated on cost and quality, with 60% of the scoring being allocated to cost and 40% to quality. Post-tender interviews were held with all contractors following which the tender documents submitted by each contractor were scored by the interviewing panel. In addition, the health and safety information submitted was independently assessed by the Health and Safety Advisor at Gleeds. The scores were then combined to arrive at the final quality scores for each contractor.
- 2.7.6 The combined results of the tender scoring process can be seen in Table 1, overleaf. Contractor A was assessed as being financially viable and scored the highest on both cost and quality criteria. It is therefore recommended that contractor A be awarded the contract for the Scott Road scheme.

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**Table 1: Scott Road: Overall Tender Results**

<b>Contractor</b>	<b>Tender Sum £</b>	<b>Quality Score</b>	<b>Price Score</b>	<b>Overall Score (100% max)</b>	<b>Rank</b>
A	2,529,791.39	34%	60%	94%	1
B	2,553,651.00	24%	59%	83%	2
C	3,012,130.00	23%	50%	73%	3
D	3,117,370.65	20%	49%	69%	4

2.7.7 After concluding the competitive tender process, undertaking additional site surveys and obtaining quotes from statutory utility providers for connections to the site, a detailed cost plan and a risk register were produced.

2.7.8 A risk register is a tool used to identify, manage and quantify the costs of project risks. Whilst not all risk will become reality, until a risk is mitigated or removed it is prudent to assume that it will be realised and have plans in place to manage that risk. This includes identifying the financial provision that may be required to mitigate specific risks. In the case of Scott Road, if all the risks in the risk register were to be realised it is estimated this would require additional expenditure of around £287,000.

2.7.9 Table 2 below shows the breakdown of project costs, assuming that Contractor A is awarded the contract.

**Table 2: Scott Road Overall Project Costs and Budget Position**

<b>Project Costs</b>	<b>£000</b>
Contract sum (based on contractor A)	2,530
Service connections and Building Control and Section 106	160
Professional fees	325
Contingency	287
<b>Total</b>	<b>3,302</b>
Prior year expenditure	119
<b>Remaining Expenditure</b>	<b>3,183</b>

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<b>Budget</b>	<b>£000</b>
<b>Budget 2020/21</b>	<b>2,785</b>
Additional Budget Required	398
<b>Proposed Budget 2020/21</b>	<b>3,183</b>
<b>Financing</b>	<b>£000</b>
Borrowing	2,228
141 Receipts	955
<b>Total Financing</b>	<b>3,183</b>

Cost Per Unit	£147,727
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<b>Revenue Implications</b>	<b>£000</b>
Income from Rents	113
Expenditure	56
<b>Net Income to the HRA</b>	<b>57</b>

2.7.10 The total additional budget, which is required to deliver the scheme is £398,000. This would be funded through the use of one for one receipts of £119,000 (30%) and additional borrowing of £279,000 (70%).

### 2.8 ALBERT STREET - CONSTRUCTION OF SIX BUNGALOWS

2.8.1 The Albert Street scheme will provide six new affordable one-bedroom bungalows for rent. Currently, this brownfield site comprises vacant garages set within an existing residential street close to the town centre.

2.8.2 A two-stage, open tender process was carried out by Gleeds Cost Management, acting on behalf of the Council, with the full participation of council officers from the Housing Development and Finance teams.

2.8.3 The first stage of the process was to issue a Pre-Qualification Questionnaire to potential tenderers. The Invitation to Tender and PQQ were advertised via a notice on the Government's procurement portal, Contracts Finder. Nine submissions were received from interested parties as a result of the notice.

2.8.4 Following the submission of the completed questionnaires, a financial assessment was carried out by the Council's Finance team and initial health and safety assessments were carried out by the Health and Safety Advisor for Gleeds. This resulted in three contractors being excluded from the second stage of the process. The six remaining contractors were sent the stage two

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tender documents. One of the contractors withdrew from the process due to resourcing issues, leaving five contractors.

2.8.5 Tenders were evaluated on cost and quality, with 60% of the scoring being allocated to cost and 40% to quality. Post-tender interviews were held with all contractors following which the tender documents submitted by each contractor were scored by the interviewing panel. In addition, the health and safety information submitted was independently assessed by the Health and Safety Advisor at Gleeds. The scores were then combined to arrive at the final quality scores for each contractor.

2.8.6 The combined results of the tender scoring process can be seen in Table 3, below. Contractor A was assessed as being financially viable and scored the highest on both cost and quality. It is therefore recommended that contractor A is awarded the contract for constructing the Albert Street scheme.

**Table 3: Albert Street Overall Tender Results**

Contractor	Tender Sum £	Quality Score	Price Score	Overall Score (100% max)	Rank
A	£716,736	33%	60%	93%	1
B	£807,189	32%	53%	85%	2
C	£910,128	23%	47%	70%	3
D	£906,500	22%	47%	69%	4
E	£839,793	0%	51%	51%	5

N.B. Contractor E submitted a non-compliant tender and therefore scored zero for quality.

2.8.7 Contractor A is also recommended for approval in respect of the Scott Road new-build contract and the Kitchen and Bathroom refurbishment scheme. In the light of this, officers have assessed the contractor's turnover and have concluded that Contractor A has the financial standing and capacity to undertake all three schemes.

2.8.8 As with the Scott Road project, a detailed cost plan and a risk register have been produced for the project. It is recommended that the overall budget for this project be increased to reflect the risk register. The breakdown of costs for the project and the additional budget required are provided in Table 4, overleaf.

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**Table 4: Albert Street: Overall Project Costs and Budget Position**

<b>Project Costs</b>	<b>£000</b>
Contract sum (based on contractor A)	717
Service connections, Building Control and site clearance	72
Professional fees	191
Contingency	135
<b>Total</b>	<b>1,115</b>
Prior year expenditure	76
<b>Remaining Expenditure</b>	<b>1,039</b>

<b>Budget</b>	<b>£000</b>
<b>Budget 2020/21</b>	<b>786</b>
Additional Budget Required	253
<b>Proposed Budget 2020/21</b>	<b>1,039</b>

<b>Financing</b>	<b>£000</b>
Borrowing	727
141 Receipts	312
<b>Total Financing</b>	<b>1,039</b>

Cost Per Unit	£185,881
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<b>Revenue Implications</b>	<b>£000</b>
Income from Rents	26
Expenditure	18
<b>Net Income to the HRA</b>	<b>8</b>

2.8.9 The total additional budget, which is required to deliver the scheme is £253,000. This would be funded through the use of one for one receipts of £76,000 (30%) and additional borrowing of £177,000 (70%).

### **3. CONSULTATION AND CUSTOMER IMPACT**

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- 3.1 These two projects will provide 28 new affordable rented homes, which will be allocated using a local lettings policy to households registered on the Council's choice-based lettings system, Keyways.
- 3.2 The homes will contribute towards meeting identified housing need in the Borough and will also contribute to overall housing completions. Both schemes make use of redundant, brownfield land which is currently unsightly and has the potential to attract crime and anti-social behaviour.
- 3.3 Consultation was carried out with local residents as part of the planning process for each site and community engagement days were held during that time.

## **4. POLICY AND RESOURCE IMPLICATIONS**

- 4.1 The HRA Capital Programme is based on the strategic priorities set out in the Council's Housing Strategy 2015/20.
  - Increasing housing supply across all tenures
  - Ensuring decent, safe and healthy homes
  - Helping people to live independently
- 4.2 There are no human resources implications arising from this project, which is being managed within existing staff resources.

## **5. LEGAL AND EQUALITY IMPLICATIONS**

- 5.1 Procurement activity must comply with the law relating to procurement by public authorities and the Council's own contract regulations. It will be necessary to enter into contracts with the successful tenderers.
- 5.2 Full planning consent has been obtained for the new build projects at Scott Road and Albert Street.

## **6. CLIMATE CHANGE IMPLICATIONS**

- 6.1 In order to increase the energy efficiency of the new homes on these schemes a SAP assessment has been carried out and all homes on both sites will achieve an EPC B rating.

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## 7. RECOMMENDATION

7.1 The Executive Committee is asked to:

- a) accept the tender from contractor A in the sum of £2,529,791.39 to undertake the construction of 22 flats and houses at Scott Road, Kettering, subject to Council approval of the additional budget.
- b) accept the tender from contractor A in the sum of £716,736 to undertake the construction of six bungalows at Albert Street, Kettering, subject to Council approval of the additional budget.
- c) delegate authority to the Chief Legal Officer and Deputy Monitoring Officer in consultation with the Head of Housing to conclude and sign the contracts with the successful contractor for each project.
- d) recommend that Full Council approve the additional capital budget of £398,000 for the Scott Road project.
- e) recommend that Full Council approve the additional capital budget of £253,000 for the Albert Street project.

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Background Papers:

Title

Date

Contact Officer

Previous Minutes/Reports:

Ref:

Date: