

**Classification:** Part 1 – Public

**Key Decision:** Yes

## **Gravesham Borough Council**

**Report to:** Leader of the Executive

**Date:** 7 August 2014

**Reporting officer:** Director (Housing and Regeneration)

**Subject:** Award of New-Build Contract for St Gregory's and Greenhill Road Sites

### **Purpose and summary of report:**

To seek authority to award a build contract of £1,540,402 to Westridge Construction Limited following a tender process through the South East Consortium.

### **Recommendations:**

That approval is given to award a JCT Design and Build 2011 contract with Westridge Construction Limited to deliver 12 x 1-bed apartments at St Gregory's Court, Gravesend and 2 x 2-bed bungalows at Greenhill Road, Northfleet.

## **1. Background**

- 1.1 As from April 2012, the Department for Communities and Local Government announced that it would allow a local housing authority to retain some Right to Buy (RTB) receipts, provided that it could demonstrate that it had spent a sufficient amount on replacement affordable housing. Gravesham Borough Council signed the agreement with CLG in the first quarter of 2012 thereby confirming a commitment to delivery affordable housing.
- 1.2 In return the authority agreed that RTB receipts will not make up more than 30% of total spend on replacement stock and to return any unused receipts (after a period of three years from initial receipt) to the Secretary of State with interest at 4% above base rate.
- 1.3 Cabinet subsequently approved the Housing Capital Programme on 3 February 2014 referring to its commitment to build new homes utilising both RTB receipts and Council funds.
- 1.4 The following Council owned sites were deemed suitable for the delivery of affordable housing:-
  - 1.4.1 Land adjacent to St Gregory's Court, Gravesend
  - 1.4.2 Land at Alanbrooke, Gravesend
  - 1.4.3 Greenhill Garage Court, Greenhill Road

## 1.5 Appointment of Consultants for New-Build Delivery

Following approval by the Council's Section 151 Officer, Russet Homes was appointed as the Development Agent to assist delivery of the new Council homes on the sites in 1.3 above.

1.6 The Potter Raper Partnership (PRP) was appointed as Employers Agent via the South East Consortium (SEC). PRP subsequently appointed architects BPTW through this route.

1.7 Project meetings with PRP and BPTW with representatives from Housing Strategy and Development, Planning and Building Services took place and draft plans were subsequently drawn up for the first two schemes, namely St Gregory's and Greenhill. Both schemes have full planning permission. *(Further project meetings took place to devise a scheme for the land at Alanbrooke. A planning application for this site has been delayed firstly due to an existing covenant on the land (now revised to allow the delivery of social housing) and more recently the discovery that a neighbouring property has encroached the Council's land. An approach to resolve this issue has been sought and a planning application is expected later this year).*

1.8 PRP managed a tendering procedure on behalf of the Council for the sites at St Gregory's and Greenhill through the SEC, in consultation with officers. Four tenders were received and evaluated by PRP who then provided a report with their recommendation of the preferred contractor, Westridge Construction Limited.

## 2. Current Position

2.1 Westridge Construction offered the lowest tender at £1,495,615 for the two sites combined. Following discussion with PRP a contingency of £50,000 and fixed figures for items as detailed below were added with Westridge Construction remaining the most competitive tenderer.

Following consultation with the Council's Section 151 Officer, a performance bond is not required and has been deducted below. However, following the Section 151 Officer's suggestion, the last three years financial reports for Westridge Construction have been provided to Finance. *Note: SEC Members are scrutinised on an annual basis.*

<b>Original Tender</b>	<b>£</b>
Westridge Tendered Sum	1,454,615.00
<b>Westridge Post-Tender Agreed Provisional Sums</b>	
Eradication of Japanese Knotweed	5,000.00
Removal of Asbestos	20,000.00
Site Clearance (fly tipping etc.)	2,000.00
Incoming Service Connections (capped PS)	14,000.00
<b>Omissions from Tendered Sum</b>	

Performance Bond	-5,213.00
<b>Schedules of Rates</b>	
Below Ground Obstructions	TBA
<b>Employer Provisional Sums</b>	
Employer's Contingency	50,000.00
<b>Total</b>	
<b>Negotiated Revised Contract Sum</b>	<b>£1,540,402.00</b>

### 3. Reason for Urgent Decision

- 3.1 RTB receipts received during 2012-2013 and the Council's contribution totalling £1,831,280.85 must be spent by 31 March 2016.
- 3.2 The build contract is based upon JCT Design and Build 2011 (plus amendments). Completion of St Gregory's is estimated at 68 weeks and 50 weeks for Greenhill (including a 16 week lead in).
- 3.3 To guarantee that we do not incur any penalties in relation to returning unused RTB receipts as detailed in 1.2 above, the contract for St Gregory's and Greenhill is required to be awarded and signed by mid/end August.
- 3.4 Entering into contract after this time carries a risk that we may not be in a position to use the relative RTB receipts and Council contribution in the required timescale and therefore be required to return any unused RTB receipts with interest at 4% above base rate as detailed in 1.2 above.

### 4. Implications

- 4.1 Please see Appendix 1

### 5. BACKGROUND PAPERS

- 5.1 Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

**IMPLICATIONS****APPENDIX 1**

<b>Legal</b>	The Council has entered into contracts with Russett Homes and PRP for the delivery of their professional services. A contract will be entered into with the contractor appointed to carry out the work. The procurements of services and works through the use of frameworks are compliant with relevant procurement law.		
<b>Finance and Value for Money</b>	Please see items 1 and 3 on the attached report.		
<b>Risk Assessment</b>	<p>Please see items 1 and 3 on the attached report.</p> <p>Appointments of PRP and BPTW were arranged using the SEC frameworks. Contractors are admitted to the SEC frameworks following legally compliant competitive tenders and are appointed after evaluation of their experience, resources and financial and technical suitability.</p> <p>The contractors who tendered for the construction work were also subject to the same rigorous selection procedure before admittance to the framework.</p> <p>The financial suitability of all contractors on the framework is further subject to annual re-evaluation.</p> <p>Contracts with the consultants were drawn up in consultation with Legal Services and the build contract drawn up by the consultants in consultation with Planning Services, Housing Strategy and Development, Building Services and Legal Services.</p>		
<b>Equality Impact Assessment</b>	<b>Screening for Equality Impacts</b>		
	<b>Question</b>	<b>Answer</b>	<b>Explanation</b>

	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?</p>	<p><b>No</b></p>	<p>The new homes will provide much needed housing for waiting applicants who will have the opportunity to bid via Choice Based Lettings.</p>
	<p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?</p>	<p><b>Yes</b></p>	<p>As above, with the introduction of Choice Based Lettings, everyone registered for social housing is able to bid for homes that they are eligible for.</p>
	<p>c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?</p>		<p>See above.</p>
<p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>			
<p><b>Corporate Business Plan</b></p>			
<p><b>Crime and Disorder</b></p>			