



**REPORT TO CABINET**

**23 September 2020**

<b>Subject:</b>	<b>Development of new Council housing at Reservoir Road, Rowley Regis – Acceptance of single tender</b>
<b>Presenting Cabinet Member:</b>	<b>Councillor Millard – Cabinet Member for Inclusive Economic Growth Councillor Allcock - Cabinet Member for Homes</b>
<b>Director:</b>	<b>Interim Director of Regeneration &amp; Growth – Tammy Stokes Director of Housing &amp; Communities – Alan Caddick</b>
<b>Contribution to Vision 2030:</b>	 
<b>Key Decision:</b>	Yes
<b>Cabinet Member Approval:</b>	Yes
<b>Director Approval:</b>	Yes
<b>Reason for Urgency:</b>	Urgency provisions do not apply
<b>Exempt Information Reference:</b>	Exemption provisions do not apply
<b>Ward Councillor(s) Consulted:</b>	Councillor Allcock 21/8/20 Councillor Millard 21/8/20 Councillor Carmichael 26/8/20
<b>Scrutiny Consultation:</b>	Scrutiny consultation has not been undertaken

<b>Contact Officer(s):</b>	Mark Taylor Housing & Partnerships <a href="mailto:mark_taylor@sandwell.gov.uk">mark_taylor@sandwell.gov.uk</a>
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## RECOMMENDATIONS FOR DECISION

That Cabinet:

1. Authorise the Director – Regeneration and Growth to award the contract for the construction of 27 new Council homes at Reservoir Road, Rowley Regis to Seddon Construction Ltd in the sum of £4,498,249.00.
2. in connection with 1 above, authorises the Director of Law and Governance and Monitoring Officer to enter into or execute under seal any documentation in relation to award of the contract and/or other agreements as may be deemed necessary.
3. That any necessary exemptions be made to the Council’s Procurement and Contract Procedure Rules to enable the course of action referred to in 1. above to proceed.

## 1 PURPOSE OF THE REPORT

- 1.1 To seek an exemption to the Council’s Procurement and Contract Procedure Rules to allow acceptance of a single tender for the construction of 27 new Council homes at Reservoir Rd, Rowley Regis, bearing in mind the Council’s Procurement rules normally require at least 3 tender submissions to ensure value for money.

## 2 IMPLICATIONS FOR VISION 2030

- 2.1 *People, Ambition 3 – Our workforce and young people are skilled and talented, geared up to respond to changing business needs and to win rewarding jobs in a growing economy*

2.1.1 Development of this scheme will support **investing in businesses, people and jobs** that will create wealth and tackle poverty. It will also actively promote Think Sandwell with the inclusion of apprenticeships and training opportunities within the contractual arrangements.

2.2 *Place, Ambition 7 – We now have many new homes to meet a full range of housing needs in attractive neighbourhoods and close to key transport routes*

2.2.1 Redevelopment of this under-utilised site with modern residential accommodation will improve the immediate area, public realm, street scene and the asset base of the borough by providing much needed **affordable housing**.

2.2.2 Provision of this proposed scheme will provide **homes that meet people's needs**. Sandwell's population is growing and people need quality housing that fits their requirements.

2.2.3 Development of this site will be guided by the Local Planning Authority in accordance with approved planning and development guidance. This will seek to achieve a development of a quality that sets the highest architectural standards and which provides energy efficient buildings, in furtherance of the aims of the Environmental Policy for Sandwell.

### **3 BACKGROUND AND MAIN CONSIDERATIONS**

3.1 At the Cabinet meeting on 5 June 2019, approval was given to Chief Officers to award the contract for the construction of 27 new Council Homes at Reservoir Road (Minute number 58/19 refers).

3.2 Procurement and Contract Procedure Rules 2018-2019 clause 16.2 provides authority to the Cabinet to award contracts above the value of £250,000.

3.3 A mini-competition exercise was carried out under the provisions of the Homes England Framework Agreement and an invitation to tender was placed on the Homes England website.

3.4 Two expressions of interest were received, although only one contractor submitted a tender, Seddon Construction Ltd, at £4,498,249.00.

- 3.5 The single bid received was marked against the quality criteria set out in the tender documents to ensure that it met the quality standards required and that the score was 15.83 out of a possible 20.
- 3.6 As Seddon Construction Ltd are currently working on a similar Council project at Strathmore Rd, Tipton, also procured by competitive tender, Urban Design have carried out an exercise whereby contract rates have been examined and found to be comparable.

#### **4 THE CURRENT POSITION**

- 4.1 The tender from Seddon Construction has been checked and found to represent value for money in comparison to like projects (see Appendix 1).
- 4.2 An evaluation exercise has been undertaken on this project. For each new project, estimates are formed by using the data from recent tender returns on housing schemes. This project has been compared to 5 other similar project estimates and the result has been found to be below the average cost per housing unit.
- 4.3 This project was tendered through the Homes England framework (25 contractors) similarly to other projects of a similar nature. The initial interest was limited, but only one tender was submitted at the final stage. This could have been for a variety of reasons, but mainly would have been down to respective tenderers capacity to deliver the project issues at that time of tender.

#### **5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)**

- 5.1 Public consultation for the project itself will be undertaken as part of the Statutory Planning Process.

## **6 ALTERNATIVE OPTIONS**

- 6.1 The alternative option is to re-tender the project. This would create further delays to the project timetable which is already behind schedule, together with expense in the form of additional fees. As tender prices are expected to rise in the near future, there is also the possibility that re-tendering could result in an increase on the current price, causing the budget for the project to be exceeded.
- 6.2 As this scheme is part funded by Homes England New Ways of Working Grant for affordable housing, any delay could result in the Council being in breach of the funding agreement by not meeting programme and spend profiles and affect the Council's developer status.

## **7 STRATEGIC RESOURCE IMPLICATIONS**

- 7.1 The Council has key milestones within its build programme for new Council homes together with obligations to spend grant funding within the agreed programme. As this scheme is part funded by Homes England New Ways of Working Grant for affordable housing there is a danger that any delay could affect this funding stream and that grant funding could be repayable through claw back mechanisms.
- 7.2 Acceptance of the single tender will ensure the Council receives additional much-needed rental income.
- 7.3 The Council's General Fund has a Business Plan which assumes the receipt of New Homes Bonus and Council Tax. Any delays to these receipts will have a negative impact on the Business Plan.

## **8 LEGAL AND GOVERNANCE CONSIDERATIONS**

- 8.1 There are no specific immediate legal or statutory implications arising from the proposal outlined in this report.
- 8.2 Pursuant to the Localism Act 2011 (S 1 – 7), Local Authorities have a general power of competence to do anything that individuals generally may do.

8.3 Advice will be taken from the council's Procurement Service Manager and Legal Services to ensure that the Public Contracts Regulations 2015 and the council's procurement and contract procedure rules are complied with.

## **9 EQUALITY IMPACT ASSESSMENT**

9.1 An Equality Impact Assessment screening exercise has been carried out and a full Equality Impact Assessment is not required.

## **10 DATA PROTECTION IMPACT ASSESSMENT**

10.1 This report does not relate to the collection of personal information and therefore a privacy impact assessment is not required.

## **11 CRIME AND DISORDER AND RISK ASSESSMENT**

11.1 The Corporate Risk Management Strategy (CRMS) will continue to be complied with throughout, in identifying and assessing the significant risks associated with this strategic proposal.

## **12 SUSTAINABILITY OF PROPOSALS**

12.1 The development of this site will be guided by the Local Planning Authority in accordance with approved planning and development guidance.

12.2 The scheme will be managed by the Housing Partnerships Team and delivered by the selected partner.

12.3 On completion, new properties will be managed and maintained by the Council and associated costs will be met from the Housing Revenue Account.

12.4 Income generated by the rental stream will go to the Housing Revenue Account.

### **13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)**

13.1 See Appendix 2, Social Value Requirements.

### **14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND**

14.1 The site currently sits within the Housing Revenue Account (HRA). Whilst there are no direct links to the Corporate Landlord Strategy the scheme helps bring forward undeveloped land, supporting demand for new council housing.

14.2 Completed properties will be managed within existing resources from Neighbourhood Services.

### **15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

15.1 Acceptance of the tender submitted by Seddon Construction Ltd in the sum of £4,498,249.00 will prevent further delay and re-tendering costs.

15.2 The development of this site with new homes will result in the following benefits:

- Increasing the levels of high quality stock to replace units lost under Right to Buy through the HRA investment programme. (Minute no. 1/13 of the joint meeting of Strategic Resources and Jobs & Economy)
- Contributing positively to the financial position of the Council by generating New Homes Bonus and new Council Tax receipts.
- Developing fit for purpose accommodation.
- Increased good quality, energy efficient housing provision in the Borough
- Increasing the levels of new build Council housing stock within the Borough contributing towards meeting target forecasts.

- Re-developing areas of vacant land reducing the quantity of vacant land in the Borough and improve the image of the local built environment thereby supporting the aim of creating a safe and clean place to live.
- Linking to the work of Think Local and Think Sandwell approaches that will offer significant employment and training opportunities as well as additional community benefits to the local economy, including working with local supply chains and use of local labour.
- Producing positive outputs for community safety through the redevelopment of a vacant site.

## **16 BACKGROUND PAPERS**

- 16.1 Report to the Cabinet Member for Strategic Resources and Jobs & Economy, 21st November 2013 - Minute no. 1/13 refers
- 16.2 Report to the Cabinet Member for Strategic Resources and Jobs and Economy, 29th October 2014 Changing the Housing Landscape in Sandwell (Key Decision Ref. No. C043) Minute no 75/14 refers
- 16.3 Report to The Cabinet, 6th April 2016 Changing the Housing Landscape in Sandwell Summary programme for Council House New Build (Key Decision Ref. No. REI021) Minute no 61/16 refers
- 16.4 Report to The Cabinet, 7th December 2016 Proposals for the review of the 2017/18 council tenant rents and housing related property charges (Key Decision Ref. No. LR24) Minute no, 204/16 refers.
- 16.5 Report to The Cabinet, 8th February 2017 Housing Revenue Account Business Plan 2017-20 Minute no 21/17 refers
- 16.6 Report to The Cabinet, 18th October 2017 Housing Revenue Account Funded Housing Investment Programme Minute no 167/17 refers



## 17 APPENDICES

Appendix 1 - Value for Money information

Appendix 2 - Social Value

### Appendix 1 - Value for Money comparison

	Stanhope	West End Ave	Thorn Close	Albion & Bull	Britannia	Reservoir	Average
With Grant	185,700	220,514	137,921	144,914	155,123	152,573	166,124
Without Grant	223,200	257,014	174,421	181,414	191,623	189,073	202,791

Prices are based upon average house types

### Appendix 2 - Social Value requirements contained within tender documents

	Benchmarks of Key Performance Indicators	Pro. No's.	Person weeks
1	<b>Work Experience Placements</b> (16yrs +) over the contract period. These numbers can be based on work placements or opportunity equivalent up to 2 person weeks.	2	4
2	<b>School Engagement / Community Activities /Social Value</b> – examples: individual engagement in work shop activities such as CV building - career talks – and also arrangement of site visits for neighbouring schools / community centres / social enterprises over the contract period. Identify a need within the community area to work with, support, voluntary hours etc.	2	0
3	<b>Graduates</b> or equivalent – measured a minimum of 12 weeks.	0	0

4	<b>New Starts – apprenticeships or paid employment direct/indirect</b> or equivalent against duration of 104 person weeks - either working towards a full NVQL2 or <b>other trainees</b> looking to aspire to an apprenticeship/ upskilling can be considered for the short-term duration of works, these are paid National minimum wage. <i>(Traineeship opportunities for duration of trades on site can be discussed).</i>	2	52
5	<b>Existing/safeguarded apprentices</b> – direct/ indirect employed that could otherwise be made redundant.	1	40
6	Apprentice completions – measured up to 52 person weeks.	0	0
6.1	<b>Supporting apprentices to progress</b> onto further NVQ Levels, HND etc. Measured on a 52 person weeks.	0	0
7	<b>Jobs created</b> on site or as consequence of works – to include long term unemployed and vulnerable groups - as new jobs measured on minimum 26 per weeks or equivalent person weeks – example: grounds worker, general labouring operative; gate person; FLT operative; cleaning operative. <b>*Consideration of WM Construction Gateway could also apply.</b>	1	26
8	<b>Management assistant/Admin support roles</b> – measured on a 50 person weeks.	0	0
		<b>8</b>	<b>122</b>