

# Report to Cabinet

**24 February 2021**

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| <b>Subject:</b>           | Delivering New Homes - Demolition of Obsolete Properties and Acceptance of Tender for the Construction of New Build Council Homes at Albion Road and Bull Lane, West Bromwich  |
| <b>Cabinet Member:</b>    | Cabinet Member for Homes,<br>Cllr Keith Allcock  |
| <b>Director:</b>          | Interim Director Regeneration and Growth<br>Tammy Stokes   |
| <b>Key Decision:</b>      | Yes.<br><br>However it does not appear on the 28 Day Notice of Key Decisions because tenders submitted require approval within 90 days to ensure that no increase in costs can be applied. The tender costs ends in on 10 March. |
| <b>Scrutiny Consulted</b> | The Chair of the Economy, Sustainability Transport and Environment Scrutiny Board has been consulted.  |
| <b>Contact Officer:</b>   | Partnerships and Programme Manager<br>Alan Martin<br><a href="mailto:alan_martin@sandwell.gov.uk">alan_martin@sandwell.gov.uk</a>  |



## 1 Recommendations

- 1.1 That approval be given to increase the overall project budget to demolish 3 defective dwellings and construct 2 x 2 bedroom bungalows (Albion Road, West Bromwich) and 1 x 2 bedroom M4(3) wheelchair compliant adapted bungalow and 2 x 4 bedroom houses (on land off Bull Lane, West Bromwich) for affordable rent from the estimated budget £904,983.00 approved at Cabinet meeting 7<sup>th</sup> August 2019 (minute number 92/19) to £1092,463 consisting current tender amount plus fees.
- 1.2 That the Director Regeneration and Growth be authorised to accept the tender and award a contract to J. Harper & Sons Ltd, in the sum of **£944,163.00** for the construction of new build council homes at Albion Road and Bull Lane, West Bromwich.
- 1.3 That in connection with 1.2 above, the Interim Director of Law and Governance and Monitoring Officer be authorised 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.

## 2 Reasons for Recommendations

- 2.1 The original Cabinet approval 7 August 2019 (minute 92/19 refers) to deliver this scheme gave approval to an estimated budget based on an outline design. The tender documents were issued 10 November 2020 with the benefit of detailed design and planning consent which resulted in tenders being returned above the estimated approved budget.
- 2.2 The tender figures take into account inflationary price increases over a 15-month period, more accurate pricing data due to the benefit of detailed design/planning consent and updated cost information for service connections from statutory providers.
- 2.3 Procurement and Contract Procedure Rules 2018-2019 clause 16.2 provides authority to the Cabinet to award contracts above the value of £250,000.




- 2.4 Invitation to tender documents were issued on 10 November 2020 seeking suitably experienced contractors for the construction of new build council homes at Albion Road and Bull Lane, West Bromwich.
- 2.5 The estimated cost of the services was £904,983.00 including fees and demolition.
- 2.6 3 companies returned tenders within the stipulated date.
- 2.7 The tenders were evaluated on an 80:20 (price: quality) most economical advantageous tender basis.
- 2.8 The scores for the overall evaluation were:


| Tenderer             | Price Score | Quality Score | Total Score |
|----------------------|-------------|---------------|-------------|
| J. Harper & Sons Ltd | 77.23       | 17.00         | 94.23       |
| Company B            | 71.31       | 20.00         | 91.31       |
| Company C            | 80.00       | 0.00          | 80.00       |

- 2.9 The tender of J. Harper & Sons Ltd., in the sum of **£944,163.00**, has been checked and found to be technically and arithmetically correct.
- 2.10 The successful contractor will work with officers from Building Services/Urban Design in the management of the construction works.

### 3 How does this deliver objectives of the Corporate Plan?

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|  | <p>Quality homes in thriving neighbourhoods<br/>The 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.</p> <p>The provision of this proposed scheme will provide <b>Homes that meet people's needs</b>. Sandwell's population is growing, and people need quality housing that fits their requirements.</p> <p>The 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</p> |
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|   | development of a quality that sets the highest architectural standards and provides energy efficient buildings, in furtherance of the aims of the Environmental Policy and Climate Change Strategy for Sandwell.  |
|  | A strong and inclusive economy<br>The development of this scheme will support <b>investing in businesses, people and jobs</b> 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 |

## 4 Context and Key Issues

- 4.1 This scheme will provide 5 new council-owned affordable homes that meet Building Regulations and current housing requirements.
- 4.2 Sandwell's Housing Management Team have provided housing demand data in relation to bidding activity for different property types in the area which shows that there is demand for all proposed property types.
- 4.3 Subject to the approval and completing contractual arrangements it is envisaged that works could commence May/June 2021 and complete Spring 2022.
- 4.4 The development of these sites 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.

4.5 It should be noted that the full impact of the current Covid 19 pandemic on the construction industry and its supply chain is still yet unknown. It is apparent that schemes that are currently on site are experiencing delays to contract programmes due to changes in working practices as a direct result of risk assessments and safe working procedures being implemented. Extended programmes have cost implications to contractors due to increased preliminary costs and overheads. There is also emerging evidence that some material costs are increasing above the rate of inflation again because of safe working procedures being implemented within the manufacturing process. The extent to which contractors will price this risk in current and future tender price returns is uncertain at present and something that the Council will be monitoring.



## 5 Alternative Options

- 5.1 Due to the fact that this scheme already has Cabinet approval and the Council has already incurred costs in developing the scheme through detailed design and gaining planning consent the only economical viable option is to proceed with the scheme. There is an option to re-tender the scheme and hope for a lower tender return but because the current tenders included in this report have been sought on a most economic advantageous tender basis through open competition and three tenders have been returned it is unlikely this will be the case. This coupled with the uncertainty identified in 4.5 above and inflation as a result of further delay there are no viable alternative options.
- 5.2 If the approval for this contract is not gained there would be knock-on delay for the proposed completion of urgently needed housing and adapted accommodation and have implications for the Council in meeting its commitment to deliver housing outputs and draw down Homes England affordable housing grant.

## 6 Implications

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| <b>Resources:</b> | <p>The sites (see Appendix 1) currently sit within the Housing Revenue Account.</p> <p>The Cabinet meeting on 7 August 2019 approved the allocation of adequate resources to fund the construction of new build council homes at Albion Road and Bull Lane, West Bromwich. The minute number 92/19 refers.</p> <p>Project costs have been split between the HRA and Homes England grant funding. The financial modelling carried out for this project includes grant funding from the Homes England, New Ways of Working Affordable Homes Programme.</p> |
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|                                     | <p>The cost of the proposed contract with J. Harper &amp; Sons Ltd is £944,163.00 which gives a total scheme cost including fees of £1,092,463.</p> <p>This results in a total scheme increase of £187,480 from the original budget estimate (£904,983). This additional funding requirement will be funded from an increased HRA contribution within the capital allocation identified above.</p>   |
| <p><b>Legal and Governance:</b></p> | <p>There are no specific immediate legal or statutory implications arising from the proposal outlined in this report. However, on-going legal implications regarding the development of land or property will be addressed fully in accordance with legal requirements.</p> <p>Procurement and Contract Procedure Rules 2018-2019 clause 16.2 provides authority to the Cabinet to award contracts above the value of £250,000.</p> <p>The Council must comply with the Public Contracts Regulations 2015 and the Council's own Procurement and Contract Procedure Rules 2018/19. This report confirms that this tender exercise has been conducted in accordance with the required procedures.</p> <p>Advice has been taken from the council's Procurement Strategy Officer and Legal Services to ensure that the Public Contracts Regulations 2015 and the council's procurement and contract procedure rules are complied with.</p> |
| <p><b>Risk:</b></p>                 | <p>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. This includes (but is not limited to) political, legislation, financial, environmental and reputation risks. A project risk register has been compiled and will be reviewed and updated on a regular basis. The risk register is monitored by the Project Team. Based on the</p>  |



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|                              | <p>information provided it is the officers' opinion that for the initial risks that have been identified, arrangements are in place to manage and mitigate these effectively.</p> <p>A risk assessment has been undertaken and no "red" risks were reported.</p> <p>This report does not relate to the collection of personal information and therefore a privacy impact assessment is not required.</p>                               |
| <b>Equality:</b>             | An Equality Impact Screening Assessment has been completed and has not highlighted any equality issues.  |
| <b>Health and Wellbeing:</b> | <p>The 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.</p> <p>The provision of this proposed scheme will provide <b>Homes that meet people's needs</b>. Sandwell's population is growing, and people need quality housing that fits their requirements.</p> |
| <b>Social Value</b>          | The development of this scheme will support <b>investing in businesses, people and jobs</b> 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.   |

## 7. Appendices

### Appendix 1 - Site Plan



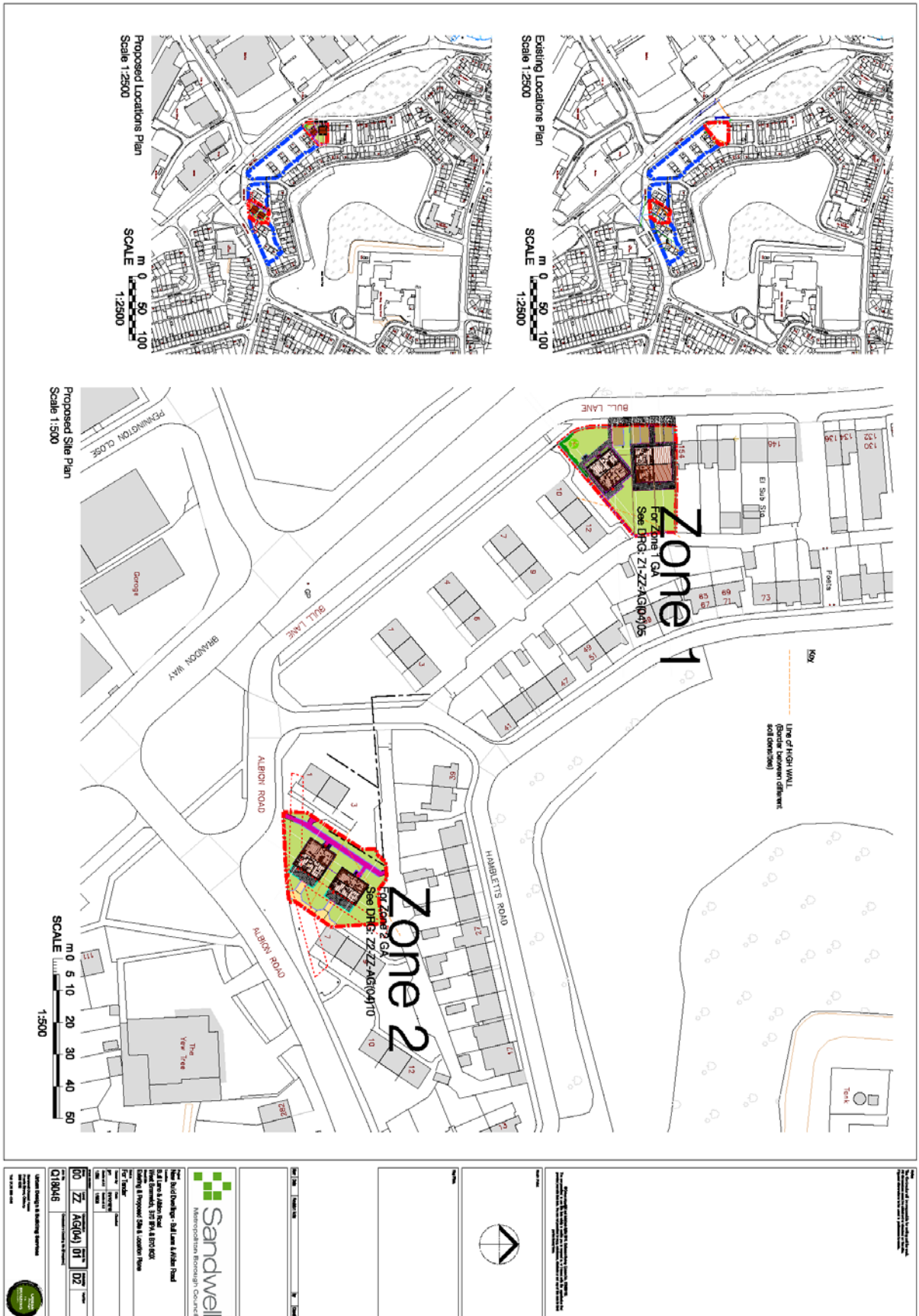


## 8. Background Papers

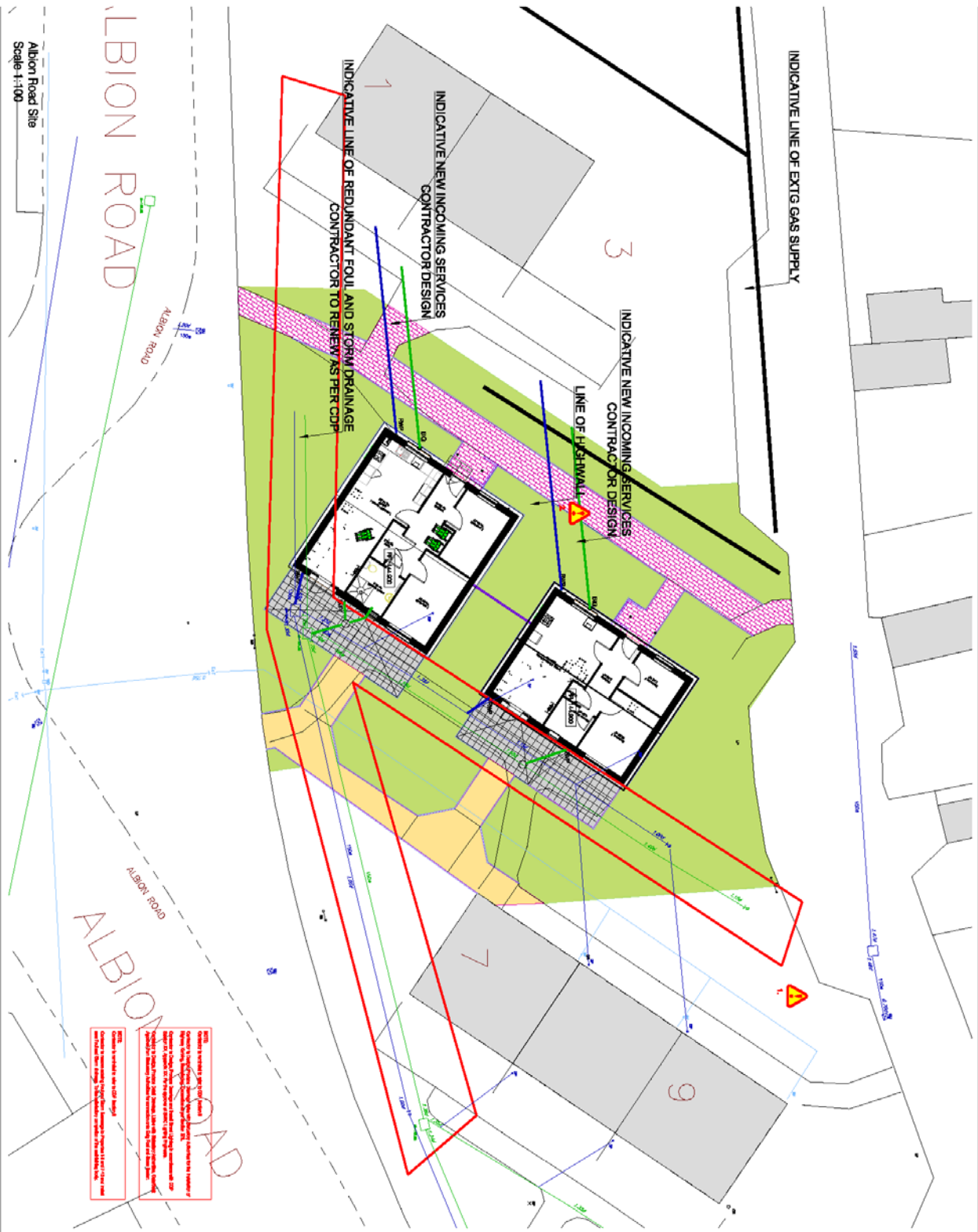
**Report to The Cabinet Delivering new homes - Demolition of obsolete properties at Albion Road West Bromwich and Construction of new-build Council homes at Albion Road and Bull Lane West Bromwich, 7 August 2019 (minute 92/19 refers)**



# Appendix 2







**NOTES**

1. This plan is intended to be used in conjunction with the CDP.
2. The contractor should ensure that all services are installed in accordance with the relevant standards.
3. The contractor should ensure that all services are installed in accordance with the relevant standards.
4. The contractor should ensure that all services are installed in accordance with the relevant standards.

**Scale**  
1:100

**North Arrow**

**Legend**

- INDICATIVE NEW/INCOMING SERVICES CONTRACTOR DESIGN
- INDICATIVE LINE OF REDUNDANT FOUL AND STORM DRAINAGE CONTRACTOR TO RENEW AS PER CDP
- LINE OF HIGHWALL
- INDICATIVE LINE OF EXTG GAS SUPPLY

