



Report of the Executive Member for Housing and Development

Executive	Date: 4 January 2018	Ward: Hillrise.
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SUBJECT: Procurement Strategy for the Construction of 2 new build residential apartment blocks providing 27 new homes at Beaumont Rise

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of 2 new build residential apartment blocks at Beaumont Rise in accordance with Rule 2.5 of the Council's Procurement Rules. It is proposed that the contract is procured as a traditional build as opposed to D&B from the council's framework which is the reason for the need to obtain approval for this process.
- 1.2 The site is at Nos.17-23 Beaumont Rise is currently occupied by a 2 storey, system built construction previously used as a neighbourhood office and Community Care Centre, but it has now been vacant for 4 years.
The proposal includes the demolition of the existing building and the construction of 2 new 5 storey residential blocks for residential and for residents that require supported housing.
- Block 1 –
2 Socially rented 2 bed/4 person flats on the ground floor.
2 Shared ownership 2bed/4 person flats on the first floor.
6 private 2bed/4 person flats.
- Block 2
This accommodation will be for residents that require supported housing and predominantly for residents with mental health needs.
On the ground floor there will be one wheelchair accessible flat, communal meeting rooms, offices and overnight accommodation for staff. In addition, there will be an external seating area for residents use.
A total of 17 single person /one bedroom studio flats will be provided in Block 2.

2. Recommendation

- 2.1 To approve the procurement strategy for the construction of 2 new build residential apartment blocks at Beaumont Rise. N19 as outlined in this report.

3. Background

- 3.1 Islington's vision for housing as laid down in the Housing Strategy 2014 – 2019 is to make sure everyone in Islington has a place to live that is affordable, decent and secure. Secure and affordable housing is recognised as an enabler. Housing has an important role in shaping healthy places, preventing ill health, supporting residents into work and tackling child poverty.

Since 2012 Islington has delivered over 1600 new affordable homes by working with other social housing providers. Of the 1600 homes Islington New Build Team has a target to deliver 500 new social rented homes by 2019.

This contract is for the construction of 4 affordable homes, and 17 apartments for supported accommodation at social rent and 6 private homes for sale. All homes have been designed to the highest energy standards, ensuring these homes are cheaper to run. The floor plans will comply with Lifetime Homes Standards ensuring that these homes will serve residents throughout their lives by allowing them to stay within their homes irrespective, in the main, of any changes to their mobility.

We have already consulted local residents, the Council's Planning Department, local ward councillors, the Metropolitan Police Secured by Design Officers, the Council's Energy Department, the Council's Refuse Department, and the Council's Housing Allocation Department. Feedback received was generally positive from all stakeholders. Some concerns over restriction of view from residents of upper floors in the adjacent Cromarty Road have been addressed.

3.2 Estimated Value

The arrangement will be funded through the Council's new build housing budget. The estimated value is £6.4m.

A percentage reduction in the budget would result in a compromised quality of design and the durability of materials specified. The design and specification have undergone a value-engineering process alongside the design development. The proposed structure and foundation solutions have been selected to achieve best value as have materials, which have been considered and selected according to the council's budget, aiming to achieve the highest quality of design and specification within the cost parameters.

3.3 Timetable

- Planning permission October 2017
- Contract notice to be published in February 2018
- Tender evaluation in May 2018
- Contract award in June 2018
- It is estimated that the construction of these new dwellings will start in July 2018
- There are no contract or statutory deadlines in place.

- 3.4 **Options Appraisal** The use of a contractor framework has been considered, however the commissioning team wishes to go out to the market to assess whether the traditional procurement route offers better value for money and allows enhanced architectural control of the design quality.

To further augment this assessment process, it is proposed that the new build project manager and project architect (contract administrator) compare the scheme with a similar scheme

procured under a design and build contract to ascertain the above.

Therefore, the preferred option for the construction of the new build residential apartment blocks at Beaumont Rise. N19 is to procure the works through an advertised open competitive tender.

3.5 Considerations The main social benefit of this project is the provision of new council housing designed and built to high standards.

Social value is one of the award criteria for this contract. We will require the contractors to explain their proposed approach to resident care and community engagement including their commitment to providing apprenticeships, and engaging with local labour.

There will also be a requirement for the contractor to submit proposals on how they will keep their environmental impact to a minimum including their proposals for a Site Waste Management Plan.

The London Living Wage will apply to the staff employed by the successful contractor. This will be monitored throughout the contract and evidence of pay rates will be required to be submitted on a monthly basis by the contractor and their sub-contractors.

Environmental sustainability has been considered in the design as it will comply with the Code for Sustainable Homes Level 4, which requires key sustainable targets and objectives including low energy, low carbon and water conscious design to be met.

There are no TUPE, pension or staffing implications involved with this contract.

3.6 Evaluation Criteria The tender will be conducted in one stage, known as the Open Procedure as the tender is 'open' to all organisations who express their interest in the tender. The Open Procedure includes minimum requirements which the organisation must achieve before their evaluation against the award criteria is considered.

The proposed evaluation award criteria is MEAT based on 60% cost and 40% quality.

The full breakdown of the cost/quality award criteria is:

Tender Award Criteria	Total
Cost	60%
Quality – made up of	40%
Proposed approach to contract management and quality of finished build; Including quality management and provision of consistent qualitative improvements to deliver project on time	20%
Proposed approach to Health and Safety	10%
Proposed approach to <i>social value including resident care; community engagement; equality, diversity and inclusion , economic and environmental considerations</i>	10%
Total	100%

3.7 Business Risks

The main business risk would be that when the tenders are returned the cost of the build is higher than estimated. We have managed these risks by ensuring the project has undergone a series of cost-plan assessments based on current cost indices.

The main opportunities associated with this procurement would be that the tendering process results in a tender return which demonstrates high quality tenders which are tested in the

market place demonstrating best value for the council.

- 3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never been blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.
- 3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	This report seeks pre-tender approval for the procurement strategy in respect of the Construction of 2 residential apartment blocks at Beaumont Rise See paragraph 3.1
2 Estimated value	The estimated value is £6.4m See paragraph 3.2
3 Timetable	The timetable is outlined within this report. See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Competitive tender option is preferred, to ensure best value is achieved for the Council. See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Social, economic, environmental consideration including Equality, Diversity and Inclusion will form part of the bidders proposals. See paragraph 3.5
6 Evaluation criteria	Cost - 60%, quality - 30%. The award criteria breakdown is more particularly described within the report. See paragraph 3.6
Business risks are described within this report.	Business risks are described within this report. See Paragraph 3.7

4. Implications

4.1 Financial implications

This scheme is for 17 social rented supported units, 2 general use social rented units, 6 open market sales & 2 shared ownership units making a total of 27 units.

The HRA's 7 year new build programme includes estimated contract construction costs of £6.5m. & fees of £1.1m, totalling £7.6m funded by sale receipts of £5m (this is inclusive of £1.5m social services contribution) RTB 141 receipts of £1.1m. & other HRA capital resources of £1.5m.

Para. 3.2 indicates that the anticipated contract value is £6.4m (excl. fees).
The budget within the new build programme is therefore sufficient at this stage.

4.2 Legal Implications

The council as a local housing authority has powers to provide housing accommodation by erecting houses under Section 9, Housing Act 1985. The Council has power to enter into works contracts for this purpose under section 1 of the Local Government (Contracts) Act 1997.

Corporate directors have power to approve the procurement strategy for works contracts up to the value of £5 million using capital money (council's Procurement Rule 16.2).

The proposed contract is a contract for works. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £4,104,394.00 for works contracts. Contracts below this threshold must be procured in compliance with the principles of equal treatment and non-discrimination that underpin the Regulations. The council's Procurement Rules require contracts over the value of £164,176.00 to be subject to competitive tender. The proposed procurement strategy, to advertise a call for competition and procure the service using a competitive tender process, is in compliance with the principles underpinning the Regulations and the council's Procurement Rules.

On completion of the procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council.

4.3 Environmental Implications

The building of new dwellings has several environmental impacts, both during the construction of the buildings (material use, waste generation, nuisances such as dust and noise) and during the long-term occupation of the dwellings (energy and water use and transport facilities).

Mitigation measures are being put into place to reduce both sets of aspects. The contractor will be required to submit proposals on how they will keep their environmental impact to a minimal including their proposals for a Site Waste Management Plan.

Environmental sustainability has also been considered in the design, and the dwellings will meet the Code for Sustainable Homes Level 4, which requires key sustainable targets and objectives to be met including low energy, low carbon and water conscious design. This includes a communal boiler ready to connect to a district heating system and the installation of solar panels and cycle storage. The proposals will also take into account Life Time Homes standards.

4.4 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment will be completed in September 2017. The new development is expected to have a positive impact people with mental health problems, contributing towards a fairer Islington.

The design will be fully inclusive. The proposal aims to meet the highest standards of accessibility and inclusion so that all potential residents and visitors, regardless of disability, age or gender, can use them safely and easily. Inclusive access is achieved by eliminating barriers physical, attitudinal and procedural, which inhibit the involvement of the whole community, not just disabled people.

The ultimate aim of inclusive access is that the design and layout of the building should enable everyone to be able to enter the building, use the facilities and leave safely, independently and with ease.

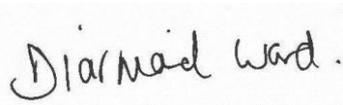
5. Reasons for the decision

- 5.1 This report recommends the approval of the procurement strategy for the construction of new build residential apartment blocks at Beaumont Rise N19. One of the Council's housing priorities in the Corporate Plan is to build new affordable homes. The building of these new council apartments and supported accommodation supports this priority. Advertising a competitive tender will ensure best value is achieved for the council, and secure a constructor that can deliver a high quality built product at a competitively tendered price.

Appendices: None
Background papers: None

Final report clearance:

Signed by:



Executive Member for Housing and Development

Date 15/12/2017

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