



Report of: Executive Member for Housing and Development

Meeting of:	Date	Ward(s)
Executive	16 July 2015	Canonbury

Delete as appropriate	Exempt	Non-exempt
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THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

SUBJECT: Contract award for the Construction of 70 new homes and associated improvements for the Dover Court Estate, N1 3HN

1. Synopsis

- 1.1 Through building new council homes we can help tackle the cost of living crisis faced by many of our residents by creating more jobs for local people that pay the London Living Wage (LLW) and training opportunities, including apprenticeships, and help increase the supply of decent, genuinely affordable homes
- 1.2 This report seeks approval to award a construction contract for a development of 70 new homes, a community centre and associated improvements for the Dover Court Estate, N1 3HN. A robust procurement process has been undertaken in accordance with policies and procedures adopted by the Council and the current New Build Contractor Framework.

2. Recommendation

- 2.1 To approve the award of a contract to Lovell Partnerships for the construction of 70 new homes, a community centre and associated improvements for the Dover Court Estate.

3. Background

- 3.1 The development consists of building 70 new homes, a community centre and extensive public realm improvements across 9 infill sites on the Dover Court Estate.
- 3.2 The sites are currently occupied by a ball court, 81 garages and the two storey residential block Romford House. These are to be demolished as part of the development.
- 3.3 The new homes comprise of 29 x 1 bed units, 22 x 2 bed units, 17 x 3 bed units and 2 x 5 bed units. The 70 new homes will be designed and constructed to a high design quality to meet the needs of existing and future residents of the London Borough of Islington. 51 of the new homes will be for council rent and the remaining 19 will be for outright market sale.

- 3.4 Romford House consists of 18 units – a mixture of bedsits and one bedroom properties. The majority of residents currently living in Romford House will be offered homes in a new over 55's block being built as part of the scheme. Those tenants that do not qualify to move to the over 55's block will be relocated and this process is currently underway. One resident leaseholder property will be bought back by the council to enable the block to be demolished and the site to be redeveloped
- 3.5 Following consultation with local residents of the Dover Court Estate, neighbouring properties and other key stakeholders, the scheme was submitted for planning approval in August 2014 and received consent at Planning Committee on 20 January 2015.

4. The procurement process

- 4.1 We have undertaken a mini-competition in accordance with the provisions of the New Build Contractor Framework which was procured through an EU compliant process in 2014. The mini-competition process has involved all 8 contractors appointed to Lot 2 of the Framework, for contract awards over £2m, being asked to express an interest in submitting a tender for this new build project.
- 4.2 All contractors appointed to the Framework have been required to sign up to paying their own employees, and those employed by their sub-contractors, the LLW.
- 4.3 Further, all Framework contractors have signed a declaration to confirm that they have not and/or will not participate in the blacklisting of trade union members or activists contrary to the Employment Relations Act 1999 (Blacklisting) Regulations 2010 and the Data Protection Act 1998.
- 4.4 The 4 contractors who provided a positive response were invited to submit a tender for this new build project – Stage 1.
- 4.5 Each contractor was asked to submit a Priced Schedule, incorporating preliminary items, costs for design, surveys, fees and allowances for overheads, profit and risk. They were also asked for a written submission in response to set quality questions contained within the invitation to tender.
- 4.7 All 4 companies submitted tenders which were then scored and weighted on the basis of 60% quality and 40% price.
- 4.8 Lovell Partnerships achieved the highest overall score and, it is therefore recommended, that they are awarded the contract.

Value for Money

- 4.9 Lovell Partnerships have entered into a pre - construction services contract and are continuing with the detailed design and final tender price which it is anticipated will be finalised before a contract award report is finalised for inclusion on the agenda for the meeting of the Council's Executive on 16th July 2015.
- 4.10 The Employers Agent appointed by the council for this new build scheme, Summers Inman have advised that the estimated final tender price should represent VFM for the council.

Quality Assessment

- 4.11 There have been extensive discussions and design review meetings with Lovell Partnerships regarding the preparation of their price and further investigative works undertaken to remove conditions, provisional sums and caveats. There are no immediate concerns as to their capability of undertaking the works from a technical and resourcing point of view.
- 4.12 Additionally council officers and the Employer's Agent have met with Lovell Partnerships in order to confirm the acceptability of their approach, both in terms of pricing, construction methods and on-site management.

5. Implications

5.1 Financial Implications

The Council's approved 3 year (2015/16 to 2017/18) new build programme totals £118.8m. The latest indicative 7 year (2015-16 to 2021-22) new build programme totals £170.9m.

The construction contract value in relation to the Dover Court new build scheme which comprises 70 new homes and associated improvements is included in the Council's latest 7 year new build programme. The on-going revenue costs of managing and maintaining the new homes are included in the HRA's medium term financial strategy.

The scheme will be funded from the combination of resources i.e. capital receipts from sales, RTB 1-4-1 receipts and some internal resources e.g. borrowing, RCCO and other capital receipts.

5.2 Legal Implications

Under Section 9 of the Housing Act 1985 the Council has the power to provide housing accommodation by building houses on land acquired for that purpose or by converting buildings into houses and to sell part of that accommodation. Accordingly the council may enter into a contract for the proposed works (section 1 Local Government Contracts Act 1997).

Lovell Partnerships have been appointed to the Council's New Build Development Framework following a competitive tendering exercise in accordance with EU Procurement Legislation. Under the Framework Agreement a new build works contract may be awarded to a Framework Constructor either following a mini competition or by direct selection. In this case, Lovell Partnerships were selected to take this scheme forward having submitted the most favourable tender in a mini-competition.

In these circumstances it would be reasonable for the construction contract to be awarded to Lovell Partnerships provided that the Executive are satisfied that their price represents value for money.

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5.3 Environmental Implications

It will be essential during both the demolition and construction periods to ensure the contractor adheres to environmental legislation, particularly around waste regulations. The contractor will be required to implement the waste hierarchy, giving priority to reuse and recycling of the material from the demolished buildings. The council also has a duty of care to ensure that the contractor has the appropriate waste licences and permits.

During the demolition of the garages and pram sheds, disturbance of protected species, which includes all nesting birds, is a risk. This can be mitigated by timing the works so that they are done outside of nesting season. Staff working on site should be trained to identify likely biodiversity risks, including the presence of bat roosts. Careful management of local nuisance issues such as noise, dust and air pollution will also be required. Travel to and from the site should be minimised to reduce the impact of vehicular emissions and traffic congestion. The same biodiversity and nuisance issues will also be relevant during the construction phase.

With regards to design, environmental implications include the building materials and energy efficiency. When choosing building materials, whole-life costs, including embedded emissions should be taken into consideration, and during purchasing, priority should be given to sustainable materials, such as FSC- or PEFC-certified timber. The energy efficiency of the new buildings should be maximised, potentially including the installation of renewable energy; the buildings will meet at least Level 4 of the Code for Sustainable Homes.

5.4 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 has been carried out and it has identified that there will be positive impacts on people living in the new dwellings and the immediate neighbourhood. There are no identifiable negative impacts.

A copy of the RIA is available upon request from the author of this report.

6. Conclusions and Reasons for Recommendations

- 6.1 In conclusion, and based on the outcome of the procurement process outlined in this report, Lovell Partnerships have offered a contract price that has been shown to be financially competitive and their quality proposals deemed to meet the required standards.
- 6.2 It is, therefore, recommended that a contract be awarded to Lovell Partnerships for the construction of 70 new homes and associated improvements as their tendered price forms an acceptable basis for agreeing the final contract sum.

Appendices

Exempt Appendix 1: Tender evaluation and value for money assessment

Final report clearance:

Signed by:



Executive Member for Housing and Development

Date: 25 June 2015

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