



## Key Decision Report of the Interim Corporate Director of Housing and Adult Social Services

<b>Officer Key Decision</b>	<b>Date:</b> 30 November 2018	<b>Wards:</b> St Mary's
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<b>Delete as appropriate</b>	Non-Exempt	Exempt
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The appendices to this report are exempt and not for publication (except Appendix C)

## **SUBJECT: AWARD OF A PRE-CONSTRUCTION SERVICES CONTRACT FOR THE CONSTRUCTION OF FORTY-ONE NEW HOMES, ASSOCIATED ESTATE IMPROVEMENTS AND LANDSCAPING ON DIXON CLARK COURT ESTATE**

### **1. Synopsis**

- 1.1 This report seeks approval for the award of a pre-construction services contract (PCSA) in respect of enabling/early works to the value of £674,511.54 for Dixon Clark Court Estate new -build development and estate improvement works. The PCSA is part of the 2-Stage Tender for the design and build delivery of 41 new homes, estate improvements to the Dixon Clark Court block and ancillary buildings including a new resident's room and Tenant Management Organisation office (TMO).
- 1.2 A mini-competition has been undertaken in accordance with the New Build Contractor Framework 2014-18 and policies and procedures adopted by the Council.
- 1.3 The submitted tender for the Stage 1 pre-construction works has been assessed as fair and reasonable by our appointed Employers Agent and QS Consultants Walker Construction Consultants and is attached as **Appendix B**.

### **2. Recommendation**

- 2.1 To award a Stage 1 pre-construction services (PCSA) contract to Higgins Construction to undertake enabling/early works including further design; site investigations and service diversions as required and related to the proposed development of 41 new homes, estate improvements to the Dixon Clark Court block and ancillary building including a new residents room and TMO office Estate to the sum of £674,511.54 (exc. VAT) (see **Appendix A**)

### 3. Date the decision is to be taken

The decision is to be taken on 30 November 2018.

### 4. Background

- 4.1 The scheme comprises the provision of 41 new homes, and associated works to the existing building to provide waste and recycling, cycle and other storage provision where none currently exists. The environmental improvements across the estate will be extensive improvements to the landscaping, including the provision of a new residents' garden, residents room and TMO office.

Dwelling Mix: 6 x 1B 2P units, 6 x 2B 3P units, 21 x 2bed 4P units, 4 x 2Bed wheel chair units, 3 x 3bed 5P, 1 x 4 bed 6p

Of the 42 new homes, 21 will be for Social Rent (SR) and 20 will be for outright market sale (OMS) to fund the scheme.

- 4.2 The site is on the edge of the Highbury Gyratory which is undergoing massive re-organisation at present until 2020.
- 4.3 Several residents' consultation events were held between the periods of March 2016 to June 2017. The scheme was granted planning consent on the 19<sup>th</sup> March 2018 under Planning Application Reference **P2017/2936/FUL**

### 5. The Procurement Process

- 5.1 The scheme is to be delivered via a 2-stage JCT Design & Build Contract (2011), calling off our LBI New Build Contractor Framework which was procured through an EU-compliant process in 2014. We have carried out a mini-tender competition in accordance with the provisions of the LBI New Build Contractor Framework 2014. The mini-competition process involved eight contractors appointed to Lot 2 of the LBI Framework (for contracts of £2m plus) being asked to express an interest in submitting a tender for this new build project.
- 5.2 Six contractors were invited to tender. Two declined. The four contractors who provided a positive response were then invited to submit a Stage 1 tender for this new build project. Four tenders were received on the 14<sup>th</sup> September 2018.
- 5.3 The tenders have been evaluated on the agreed 60/40 quality/price award criteria (see tender report in exempt **Appendix B**). The highest scoring Stage 1 contractor was Higgins Construction Ltd. It is, therefore, proposed to award a pre-construction service contract (PCSA) to Higgins Construction Ltd for the Stage 1 -construction design and any enabling works required, including site surveys and demolition.
- 5.4 The award of the main JCT design & build contract would be subject to Higgins Construction Ltd submitting an acceptable Value-for-Money (VFM) Stage 2 tender for the delivery of the construction works. In the event that the Stage 1 contractor does not submit an acceptable tender for the construction works, the Framework allows for the contractor with the next highest scoring Stage 1 tender to be approached, and so on until a contractor can be appointed who fulfil the council's Stage 2 VFM and other criteria.
- 5.5 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 London Living Wage.
- 5.6 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.

- 5.7 As a new build contractor Higgins Construction Ltd needs to carry out the detailed construction design work and sub-contractor pricing as well as undertake site surveys and investigations to provide an accurate Stage 2 tender price. This will allow Islington Council to mitigate price uncertainty, design anomalies and contractual risks.
- 5.8 The value of the pre-construction services contract based on the quoted design fees, surveys and other costs, and a percentage fee for preliminaries, overheads and profits is **£674,511.54** - based on an initial estimated construction value of **£ 12,717,814** A breakdown of the Stage 1 tender pricing submission for the pre-construction services contract is included in **Appendix A (exempt)**.

## **6. Implications**

### **6.1 Risk Management Implications**

- 6.1.1 Awarding a Stage 1 pre-construction services contract to Higgins Construction Ltd to undertake the enabling works, including additional soil and other site surveys, bill preparation and possible early discharge of some planning condition, allows for accurate design and construction costs and more programme certainty in respect of the proposed award of a Stage 2 design & build (main) contract.

### **6.2 Financial Implications**

- 6.2.1 The total forecast cost of this scheme is £14.3m (split construction £12.5m & fees £1.8m) and is included in the draft 2018-19 (latest) 7-year new build programme.
- 6.2.2 This scheme will be funded from a combination of; open market sale receipts estimated at £9.4m, in respect of 14 properties, 141 RTB receipts totalling £2.4m and £2.5m from the capitalised rents charged in respect to this scheme.
- 6.2.3 On the basis that these pre-construction costs & fees totalling £655k are included in the total forecast at this price then it is anticipated that this contract will be contained within the overall scheme budget.

### **6.3 Legal Implications**

- 6.3.1 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. The Corporate Director has authority to award contracts under a framework agreement without limit where the capital spend is part of the approved capital programme (paragraph 8.7 of Part 3 of and paragraph 1 of Appendix 3 to the Constitution)
- 6.3.2 Higgins Construction Ltd has been appointed as a Framework Contractor for the New Build Programme 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 Contractor following a mini competition subject to a value for money assessment.
- 6.3.3 Higgins Construction Ltd has submitted the highest scoring tender through a mini-competition between Lot 2 Contractors appointed to the Framework. As the successful Stage 1 contractor, they may be awarded a service contract for pre-construction works. They will be invited to submit a tender for the main construction works but the award of a Stage 2 build contract is subject to the council being satisfied that the price represents value for money and is otherwise acceptable to the council.
- 6.3.4 In considering the recommendation in this report, the Interim Corporate Director of Housing and Adult Social Services should have regard to the information set out in the exempt **Appendix B** to this report.

### **6.4 Environmental Implications**

- 6.4.1 It will be essential during both the pre-construction 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, and the council has a duty of care to ensure that the contractor has the appropriate waste licences and permits.
- 6.4.2 During any site works, careful management of local nuisance issues such as noise, dust and air pollution will be required. The contractor should also be aware of any biodiversity risks, such as potential disturbance to nesting birds. Travel to and from the site should be minimised to reduce the impact of vehicular emissions and traffic congestion.
- 6.4.3 The new homes will be built to high standards in terms of environmental sustainability, meeting Level 4 of the Code for Sustainable Homes. They will be very energy efficient which means they will be cheaper to run for the residents who live in them, helping to keep down the cost of living.

## **6.5 Resident Impact Assessment**

- 6.5.1 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.
- 6.5.2 A Resident Impact Assessment (RIA) was completed on 8 October 2018 which identified that there would be a limited number of negative impacts on current residents living with a physical disability during the construction phase. The estate improvement works will also increase accessibility for wheelchair users to the greenspaces, provision of recycling, bike storage and improved landscaping and public realm, resulting in a better quality of environment on the estate.
- 6.5.3 A copy of the RIA is attached as **Appendix C** to this report.

## **7. Reason for recommendations**

- 7.1 In conclusion, Higgins Construction Ltd as one of the contractors appointed to Lot 2 of the New Build Contractor Framework 2014-18, have provided acceptable cost values and design fee percentages to the estimated works cost provided by the council's appointed QS in order to carry out the necessary designs, surveys and enabling works required to be awarded a Stage 1 pre-construction services contract for Dixon Clark Court Estate new build project. The QS's initial estimated work cost is based on current BCIS (building cost information service) tender price indices.
- 7.2 The cost values have been assessed as fair and reasonable by our appointed Employers Agent/ Quantity Surveying Consultants, Walker Construction Ltd and therefore, the PCSA price is considered to represent VFM for the council.
- 7.3 It is therefore recommended that a Stage 1 pre-construction services contract for Dixon Clark Court Estate development to the value of £674,511.54 (exc. VAT)

## **8. Record of the decision**

- 8.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

### **Appendices:**

**Appendix A:** Breakdown of Higgins Construction Ltd Pre-Construction Services Contract Sum (Stage 1 Tender pricing) - Exempt

**Appendix B:** Dixon Clark Court Estate Stage 1 Tender Report (by Walker Construction Consultants) - Exempt

**Appendix C:** Resident Impact Assessment

**Final report clearance:**



**Signed by:** Interim Corporate Director for Housing and Adult Social Services

**Date:** 30/11/18

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