



Report of: Executive Member for Housing and Development

Meeting of:	Date:	Ward
Executive	7 February 2019	Hillrise
Delete as appropriate	Exempt	Non-exempt

THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

The Appendix to this report is exempt by virtue of the Local Government Act 1972, Schedule 12A, Part 1, paragraph 3 (as amended) in that these documents contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

SUBJECT: CONTRACT AWARD FOR THE CONSTRUCTION OF 2 NEW RESIDENTIAL BLOCKS TO PROVIDE 27 NEW HOMES ON THE SITE OF NOS. 17- 23 BEAUMONT RISE. LONDON, N19

1. Synopsis

1.1 This report seeks agreement to award a contract to build 2 new residential apartment blocks at Beaumont Rise.

The site is 17-23 Beaumont Rise which was previously used as a neighbourhood office and Community Care Centre. The building is currently being demolished.

1.2 Through building new council homes we can help increase the supply of decent, genuinely affordable homes which are cheaper to run, tackle the cost of living crisis faced by many of our residents by creating jobs that pay the London Living Wage (LLW) for local people, and offer training opportunities including apprenticeships.

A robust procurement process has been undertaken in accordance with policies and procedures Adopted by the Council's Strategic Procurement Service.

2. Recommendation

2.1 To approve the award of a construction contract to Glenman Corporation Ltd. for the sum of £6,727,325.32.

3. Background

- 3.1 The purpose of this report is to appoint a suitably qualified main contractor to carry out the construction of the new build residential development as described below.

The development is for the construction of 2 five storey residential blocks. One is intended for general needs housing and the other for residents that require supported housing.

Details are as follows.

Block 1;

Two - 2 bed/4 person flats on the ground floor.
Two - 2bed/4 person flats on the first floor.
Six - 2 bed/4 person flats on the 3 upper floors.

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 bedroom studio flats will be provided in Block 2.

This development will provide some much needed general needs socially rented housing and in addition provide supported accommodation for people with special needs prior to transition into independent living.

3.2 Estimated Value

The development is being funded through the council's new build housing budget and the sale of Turleway Close.

Grant monies received from the GLA has enabled all sales residences to be flipped into social rented.

The pre-tender estimate for this project was £6,816m and contract period of 78 weeks.

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

Joint Board Approval Jan 2019
Executive Approval February 2019
Start on Site April 2019
Completion Oct. 2021

Planning Permission was achieved in November 2017. Statutory duration for start on site is 3 years until November 2020

We have 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.

3.4 Options appraisal

The use of a contractor framework was considered, however the commissioning team wished 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.

Formal collaboration (Partnering Contract) was not considered appropriate as the design had already been developed to a detailed stage and already significantly de-risked.

To further augment this assessment process, it is proposed that the new build project manager and project architect (contract administrator) will 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 has been to procure the works through an advertised open competitive tender.

3.5 Key considerations & Social Value

The majority of new homes being built in the New Build Programme are much needed family sized homes charged at social (council) rent. The sites for new homes and other associated works are often areas with anti-social behaviour problems or are dilapidated buildings such as garages and poor quality housing. These issues can be addressed through the delivery of the new homes projects which will improve the quality of living standards for our residents.

New homes are built to a very high standard and often surpassing national standards. Our aim is to reduce carbon emissions and promote higher standards of sustainable design. New Homes to be built in relation to this strategy will be designed to develop sustainable communities through which the standard of living in those areas is improved. New social rented homes will be affordable for existing tenants and those in need of housing – particularly providing better accommodation for families in overcrowded conditions as well as encouraging under-occupiers to release family sized homes.

Relevant impact assessments have been completed as part of this procurement including a full risk/opportunity assessment, resident impact assessment, environmental impact assessment and health and safety impact assessment.

The Council have been able to achieve a significant amount of social benefit and value through this procurement. As part of the evaluation process bidders were asked to include a response to the social value they can achieve. The social value question required bidders to consider their economic, environmental and social plans for delivery.

Social value has been included as an award criterion within the tender processing order to derive the maximum social benefit from the contract and the supply chain.

Islington Council is committed to improving job opportunities for local residents, especially those who are disadvantaged in the labour market. This commitment aligns itself with the objectives of many other organisations such as the Greater London Authority, London Councils, the Skills Funding Agency and DWP Jobcentre-plus.

The council is committed to supporting residents into employment, especially those who are disadvantaged in the labour market. Increased training and employment outcomes has been pursued by building in these requirements at the commencement of the procurement process.

Given the scale of this procurement strategy there is further work to be done to describe and quantify the employment and training opportunities we would expect residents to benefit from. A statement of employment and training requirements (such as skilling up residents on new construction practices) was drafted and supplied as part of the tender process documentation thereby ensuring that local employment has been given a substantive weighting in terms of scoring. In addition, the employment and training requirements are embedded in the contract documents and the Employers Requirements.

These obligations are aimed at providing Apprenticeships employment opportunities for local unemployed residents and will be sought from any development sites which meet the following threshold:

The number of placements sought on all schemes:

1 construction training placement triggered at the £1 million pounds of contract value level then 1 construction training placement per every 20 residential units.

The intentions of Islington's development plan and Corporate Plan are to reduce poverty, deprivation and unemployment. This can be achieved by providing local unemployed people with access to employment and assistance with sustaining employment, and raising levels of attainment through training opportunities facilitated by new development taking place in the borough.

The London Living Wage has been included a condition of the contract being entered into, as far as is legally permitted.

The development will deliver a number of benefits that meet the Council's corporate objectives including:

- Making Islington fairer, by providing high quality facilities and services available to the community, with particular focus on provision for vulnerable residents.
- Tackling the housing shortage, by building new affordable homes and in particular new council homes.
- Delivering good services on a tight budget, by carefully managing the project to contain costs of the development without recourse to additional council funding.
- Creating a good quality of life, by providing well designed and modern public leisure, health and nursery facilities, and improved public spaces.

All new build development is expected to bring further social benefits, including S106 contributions towards improvements in the vicinity of and environmental improvements to the public realm within and around the redevelopment site.

All new build development is designed in accordance with the council's detailed planning requirements and in accordance with the Employer's requirements to address the social and environmental sustainability of the development proposals.

There are no TUPE, pension or staffing implications relating to this procurement.

3.6

Evaluation

This tender has been in One Stage called the Open Procedure, as the tender is 'open' to all organisations who express an interest. The Open Procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

Tenderers were requested to demonstrate relevant experience against 2 other suitable projects

The 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 was that when the tenders were returned the cost of the build was 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.

Tenders returned have demonstrated a range of values but the recommended tender is within the pre-tender estimate.

The main opportunities associated with this procurement were that the tendering process resulted in a tender return which demonstrates high quality tenders which have been tested in the market place demonstrating best value for the council.

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 were required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they are 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.

The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

Relevant Information	Information/section in report
1. Nature of the service	This report seeks approval for the appointment of a main contractor See paragraph (3.1)
2. Estimated value	The estimated value is £6.816m See Paragraph (3.2)
3. Timetable	The timetable is outlined in this report See Paragraph (3.3)
4. Options appraisal for tender procedure including consideration of collaboration opportunities	Competitive tender option has ensured best value is achieved. See paragraph [3.4]
5. Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Social, economic, environmental considerations, equality, diversity and inclusion formed part of the contractor's submission. See paragraph [3.5]
6.Award Criteria	Cost 60 %. Quality 40%. The award criteria price/quality breakdown is more particularly described within the report. See paragraph [3.6]

7. Any business risks associated with entering the contract	Business risks are described in this report. See paragraph [3.7]
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4. The Procurement Process

4.1 The tender process was conducted in one stage, the Open Procedure, opening it to all organisations that expressed an interest in tendering for the project. An invitation to tender was advertised and procured the contractor through a competitive tender process in accordance with the principles underpinning the Public Contracts Regulations 2015 and the council’s procurement rules.

4.2 Eight tenders were received and evaluated on the agreed quality and price award criteria with price comprising 60% and quality 40%. The highest scoring contractor was Glenman Corporation Ltd.

Details of the tender evaluation are set out in the exempt appendix 1.

4.3 The tender documentation included the requirement for the contractors to sign up to paying their own employees, and those employed by their sub-contractors, the London Living Wage as well as signing a declaration to confirm that they have not and 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 Value for Money

It should be noted that the above recommended tenderer’s contract sum does not include client’s design fees, other professional fees and other on costs.

Glenman Corporation Ltd. have demonstrated that their tender has been fully market tested and that they have sought the most competitive price from their sub-contractors in the time available with justifiable exceptions.

Based on the assessment of the final tender, the cost consultant has concluded that the price and other elements of the tender submitted by Glenman Corporation Ltd. represents value for money and recommends that it should be accepted by the council.

Quality Assessment

Glenman Corporation Ltd has been assessed as being suitable to undertake the works from a technical and resourcing viewpoint. They have had previous experience of similar projects and have an acceptable track record of delivering.

Council officers and the Cost Consultant will be meeting with them in order to confirm acceptability of their proposals in terms of their approach to construction methods and on-site procedures.

5. Implications

5.1 Financial implications

The report indicates that Glenman Corporation submitted the most economically advantageous tender, on the basis that this has been accurately assessed then it is deemed appropriate for the contract to be awarded to this contractor.

This scheme is included in the latest new build programme (P7 18-19). The total scheme budget provision is £8.1m (including fees), as such based on current assumptions with regards to fees outstanding the contract tender price of £6.7m can be contained within the current scheme budget.

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 or appropriated 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).

The proposed contract is a public works contract. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £4,551,413 for public works contracts. The estimated value of the Beaumont Rise housing new build contract exceeded this threshold the procurement was advertised in OJEU using the open procedure.

Glenman Corporation Ltd submitted the highest scoring tender through the open tender procedure. Accordingly, the Executive Social Services may award the contract to that constructor for the construction of the new homes at Beaumont Rise provided it is satisfied as to the constructor's competence to carry out the contract works and that its price represents value for money for the council. In reaching that decision the Executive should take into account the information contained in the exempt appendix 1.

5.3 **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 will be 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.

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 was completed in September 2017. The complete Resident Impact Assessment is appended (Appendix 2)

The new development is expected to have a positive impact for 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.

6. **Reasons for the decision**

- 6.1 Glenman Corporation Ltd. as one of the contractors who competitively tendered for these works, have provided acceptable cost and quality values for them to be awarded the contract to build 27 new homes at Beaumont Rise.

6.2 The cost values have been assessed as fair and reasonable by our appointed Cost Consultants, Bailey Garner and the tender price is considered Value for Money for the Council.

It is therefore recommended that a construction contract to the value of £. 6,727,325.32 be awarded to Glenman Corporation Ltd.

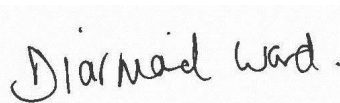
Appendices:

- Tender report – Appendix 1 Exempt
- Resident Impact Assessment – Appendix 2

Background papers: None

Final report clearance:

Signed by:



24/1/19

Executive Member for Housing and Development

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