



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

Officer Key Decision	Date: 22 February 2019	Wards: St. Mary's
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Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Procurement Strategy for the Construction of three new build houses at Ringcroft Street

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of three new build houses in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 The site is at one end of Ringcroft Street and adjacent to Mersey Estate. It is currently occupied by 10 garages that have been vacated. This proposal includes the demolition of the existing garages and the construction of three new three-storey houses for social rent.

2. Recommendation

- 2.1 To approve the procurement strategy for Ringcroft Street new build project as outlined in this report.

3. Date the decision is to be taken

22 February 2019.

4. Background

4.1 Nature of the service

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. Islington New Build Team has a target to deliver 500 new social rented homes by 2022

All homes are 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.

The development is for the construction of three new three-storey houses, which will provide general needs social housing which is very much needed

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 allocation department. Feedback received was positive from all stakeholders.

4.2 **Estimated Value**

The project will be funded through the Council's Housing budget. The estimated value is £1.3m. The contract period is for 62 weeks.

A cost plan has been prepared, updated during the design stage and savings made where appropriate.

4.3 **Timetable**

Planning Application:	December 2018
Planning Approval:	April 2019
Start on Site:	September 2019.
Completion:	September 2020

4.4 **Option Appraisal**

The use of an existing contractor framework was considered, however the commissioning team intend 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.

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 assess the suitability and success of this process.

Therefore, the preferred option for the construction of the new build residential houses at Ringcroft Street is to procure the works through an advertised competitive tender using the open procedure.

4.5 **Key Considerations**

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 that 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.

Relevant impact assessments will be 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 will be able to achieve a significant amount of social benefit and value through this procurement. Social value will be included as an award criterion within the tender process in order to derive the maximum social benefit from the contract and the supply chain. As part of the evaluation process bidders will be asked to include a proposal regarding the social value they can achieve. The social value question will require bidders to consider their economic, environmental and social plans for delivery.

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

Bidders will be asked 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 up-skilling residents on new construction practices) has been drafted and supplied as part of the tender process documentation. Ensuring that local employment has been given weighting in terms of scoring. This will be included in the specification and bidders will be required to submit details of their proposals.

The London Living Wage will be 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 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.

4.6 Evaluation

The tender will be conducted in one stage, known as 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.

The proposed evaluation award criteria will be based on the most economically advantageous tender (MEAT). MEAT will be based on 60% cost and 40% quality.

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 social value including resident care; community engagement; equality, diversity and inclusion , economic and environmental considerations	10%
Total	100%

4.7 Business Risks

The main business risk is that when the tenders are returned the cost of the build will be higher than estimated. We will manage these risks by ensuring the project undergoes a series of cost-plan assessments based on current cost indices. If necessary, a value engineering exercise will be undertaken or discussions held with finance officers.

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

4.8 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 complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never 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.

4.9 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 procurement of a main contractor to build 3 new houses. See paragraph 4.1

2 Estimated value	The estimated value is £1.3m See paragraph 4.2
3 Timetable	The timetable is outlined in this report See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Competitive tender option is preferred to ensure best value is achieved. See paragraph 4.4
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 will form part of the contractor's submission. See paragraph 4.5
6 Award criteria	Cost 60%. Quality 40%. The award criteria price/quality breakdown is more particularly described within the report. See paragraph 4.6
7 Any business risks associated with entering the contract	Business risks are described in this report. See paragraph 4.7

5. Implications

5.1 Financial Implications

This scheme is part of the Islington Council's three year (2019/20 to 2021/22) New Build programme. The estimated build cost of £1.22m, and the estimated fees of £0.12m (10% of the build cost) results in an estimated overall cost of £1.34m. This amount has been budgeted and can be contained within the New Build programme budget.

5.2 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 £4,551,413.00 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 £181,302.00 to be subject to competitive tender. The proposed procurement strategy, to procure the project using an open 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.

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 tenderers will be required to submit proposals on how they will keep their environmental impact to a minimum 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 will include 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 has been completed and is appended to this report (Appendix 1).

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. Record of the decision

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

Reason for the decision

The demolition of the existing garages and the construction of three new three-storey houses will provide much-needed homes for social rent.

Signed by:

Interim Corporate Director, Housing and Adult Social Services

Date:

Appendices

Appendix 1 – Resident Impact Assessment

Background papers: None

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