

Report of: Executive Member for Housing and Development

Meeting of:	Date	Ward(s)
Executive	15 January 2015	Tollington

THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

SUBJECT: CONTRACT AWARD FOR THE CONSTRUCTION OF 23 NEW COUNCIL HOMES AND A COMMUNITY CENTRE AT IVY HALL, HOLLY PARK, N4 4BN

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 that pay the London Living Wage (LLW) and training opportunities, including apprenticeships, for local people 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 23 new council homes for social rent and a new community centre on the site of the existing Ivy Hall Community Centre and covered car parking areas at Holly Park, N4 4BN. A robust procurement process has been undertaken in accordance with policies and procedures adopted by the Council and the New Build Contractor Framework. This has resulted in a direct negotiation process with a contractor who has a good track record of delivering new homes in Islington to the required quality standards and achieving value for money (VFM) for the council.

2. RECOMMENDATION

- 2.1 To approve the award of a contract to Higgins Construction PLC for the construction of 23 new homes and a new community centre.

3. BACKGROUND

- 3.1 The site comprises of an existing concrete structure that is used in part as a car park which then extends to form a raised plinth around Ilex House which is an existing 17 storey residential tower block that was built in the 1970s. The base of the car park contains the Ivy Hall

Community Centre. The perimeter of the site is lined with grassed verges containing several mature trees.

- 3.2 It is anticipated that the development will make a positive contribution to the borough through the delivery of much needed new council homes and social infrastructure in the form of a new improved community centre at the site. The new community centre will enable the relocation of Hanley Crouch (The Laundry) Community Centre to this site along with the existing management arrangements to ensure that the community will continue to benefit from the excellent service provided in a new and improved setting.
- 3.3 A review of five initial massing options for the development of the site was undertaken from 2012 and a thorough and inclusive consultation process was undertaken to establish a form of development that would respond to the surrounding built context, protect neighbouring residential amenity and provide high quality new homes and a new community centre.

- 3.4 Following resident consultation a planning application in respect of the proposed scheme was submitted in December 2013 and received the necessary consents at Planning Committee on 03 April 2014 (Planning Ref: P2013/4952/FUL).
- 3.5 The approved proposals include the following mix of new homes:

Property type	Social Rent	
	Units.	Hab rooms
1 bed	8	16
2 bed	11	33
3 bed	4	20
Totals	23	69

4. THE PROCUREMENT PROCESS

- 4.1 The early involvement of a contractor provides valuable input at the design stages and this reduces the risks around scheme delivery.
- 4.2 Following evaluation of the scheme and the procurement options, it was agreed to enter into a direct negotiation with Higgins Construction PLC through the former New Build Contractor Framework 2010-14.
- 4.3 All contractors appointed to the replacement Framework 2014-18, including Higgins Construction PLC, have been required to sign up to paying their own employees, and those employed by their sub-contractors, the LLW.
- 4.4 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.

Value for Money

- 4.5 More details of the tender evaluation process and value for money assessment can be found in the exempt Appendix 1 to this report.

Quality Assessment

- 4.6 As this is a negotiated contract, there have been extensive discussions with Higgins Construction PLC regarding the preparation of their price and further investigative works were 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.
- 4.7 Additionally council officers and the Employer's Agent have met with Higgins Construction PLC in order to confirm the acceptability of their approach, both in terms of pricing, construction methods and on-site management.

6. IMPLICATIONS

6.1 Financial Implications

- 6.1.1 The Council's approved 3 year (2014-15 to 2016-17) new build programme totals £95.2m. The latest indicative 7 year (2014-15 to 2020-21) new build programme totals £173.049m.
- 6.1.2 The construction contract value in relation to the Ivy Hall scheme which comprises 23 homes for social rent and a new community centre 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.
- 6.1.3 The scheme will be funded from the combination of resources i.e., RTB 1-4-1 receipts and some internal resources e.g. borrowing, RCCO and other capital receipts.

6.2 Legal Implications

- 6.2.1 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 and to sell part of that accommodation. Under section 7 of the Public Libraries and Museums Act 1964, the Council has a duty to provide a comprehensive and efficient library service. Accordingly the council may enter into a contract for the proposed works (section 1 Local Government Contracts Act 1997).
- 6.2.2 Higgins Construction PLC have been appointed to the Council's New Build Contractor Development Frameworks (2010-14 and 2014-18) following competitive tendering exercises 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. Higgins Construction PLC was selected to take this scheme forward under the 2010-14 Framework and have now submitted their tender price for construction of the proposed development of new homes and community centre.
- 6.2.3 In these circumstances it would be reasonable for the construction contract to be awarded to Higgins Construction PLC provided that the Executive are satisfied that their price represents value for money. In reaching that decision the Executive should take into account the information contained in the exempt appendix 1.

6.3 Environmental Implications

- 6.3.1 It will be essential during both the demolition and construction periods to ensure the contractor adheres to environmental legislation particularly around waste regulations.

6.3.2 Clearly defined roles on who is responsible for waste management and disposal, obtaining licences and permits and liability will be essential before work commences. Appropriate legislation will be applied rigorously and full method statements for all activities will be required from the contractor before commencement in order to mitigate these risks.

6.3.3 The new homes will be built to high standards in terms of environmental sustainability, meeting at least 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.

6.4 Resident Impact Assessment

6.4.1 A Resident Impact Assessment (RIA) was completed on 19 August 2014 which identified that there may be an impact on older people and/or people with a physical or sensory disability with regards to the added walking distance to the temporary community centre during the building of the new centre and that this will be monitored to ascertain if it is an issue and, where possible, mitigating actions will be identified. Overall, however, the new build proposals should have a positive impact through provision of much needed affordable homes and enhanced community centre facilities for the benefit of all residents, including those with protected characteristics.

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

7.0 Conclusions and Reasons for Recommendations

- 7.1 In conclusion, and based on the outcome of the direct negotiation process outlined in this report, Higgins Construction PLC has offered a contract price that has been shown to be financially competitive with their quality proposals deemed to meet the required standards.
- 7.2 It is, therefore, recommended that a contract be awarded to Higgins Construction PLC for the construction of 23 new homes for social rent and a new community centre 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

Background papers: None

Final report clearance:

Signed by:



15 December 2015

Executive Member for Housing and
Development

Date

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