

8 July 2020

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Title	The Award of 3 Contracts for the Construction, Delivering 24 New Affordable Homes at 4 Sites Across Colchester.		
Wards affected	New Town and Christ Church, Lexden and Braiswick, Greenstead		

1. Executive Summary

- 1.1 The Council agreed (at Cabinet on 30 January 2019) ambitious plans to deliver a “New Council Housebuilding Programme” that delivers 350 extra affordable homes over 5 years. Since that time several different schemes have been explored. This report sets out the award of the first construction contract for a “garage site” at Harding Close (Aldham) and seeks delegation of the further awarding of 2 subsequent contracts (at Buffett and Scarfe Way, Greenstead and at Military Road) currently within the procured stage, for the cumulative delivery of 24 new affordable homes.
- 1.2 These contracts would all require approval by Cabinet due to estimated costs, as each of the 3 contracts will be over £500,000. The 2 later contracts would be delegated to the Portfolio Holder for Housing in order to ensure that they can be awarded in a timely and efficient manner over the summer months between Cabinet meetings. The construction of all of these sites would then commence between September and November 2020, with all 24 homes ready for the first beneficial use of families on our housing needs register between April and July 2021.
- 1.3 The contracts have been, and are being, progressed at this time in order to assist with the economic recovery of the construction industry. Where some ceased procurement of new contracts in the first couple of months of lockdown, this Council proactively engaged with local contractors to gain market feedback that suggested that the early supply of potential work was important to them, and that Covid-19 impacts did not affect their ability to price works and make bids. This has been evidenced by the high level of interest (20 companies) and the number of bids received (9).

2. Recommended Decision

- 2.1 To award a contract for the construction of 4 homes at Hardings Close, Aldham to the top-scoring contract at the value set out in the confidential Appendix A.
- 2.2 In the event of any issues with the top-scoring contractor in 2.1 above, to award the contract to the next best-scoring contractor, at the value set out in the confidential Appendix A.
- 2.3 To delegate authority to the Portfolio Holder for Housing to award a contract for the construction of 8 affordable homes at Military Road.

- 2.4 To delegate authority to the Portfolio Holder for Housing to award a contract for the construction of 12 affordable homes at Scarfe Way (6 homes) and Buffett Way (6 homes), Greenstead.
- 2.5 To delegate authority to the Assistant Director Place & Client Services, in consultation with the Portfolio Holder for Housing, to agree and implement all consequential contractual, legal, financial or other related matters for each of the above contracts once awarded and through to completion and occupation of the new homes.
- 2.6 To commit to the (previously agreed) budget provisions required in 2020/21 and 2021/22 to deliver all 3 of the construction contracts and deliver the 24 new affordable homes.

3. Reason for Recommended Decision

- 3.1 The Council has committed to deliver 350 new affordable homes over 5 years between 2019 and 2024 and these contracts deliver part of that commitment. The first contract has been through the full tender evaluation process and should be awarded to allow the works to commence in a timely manner, in line with milestones and project delivery objectives previously agreed by the Council. The subsequent contracts are still within the tender process but will shortly be ready to award.
- 3.2 The design and specification of each of the sites has met the required planning regulations and planning approval has been granted. They have then undergone detailed technical design phases prior to procurement. The contracts deliver much needed affordable homes to an agreed budget that is sustainable within the Housing Revenue Account.
- 3.3 The first contract will be awarded to a local company after a fair and open tender process. The Council has not delayed its procurement for the housing contracts in order to ensure it plays a leadership role in timely opportunity to offer employment to the local economy that is particularly important at this time due to the impact of Covid-19.

4. Alternative Options

- 4.1 Not to agree the first contract and/or the request for delegated authority to appoint the forthcoming contractors; however, this would delay any award of a contract, which would in turn introduce delays to the project and delivery of affordable homes. This would not be consistent with previous intentions, or the strategic priorities of the Council and would result in more people remaining on the housing needs register, waiting for high quality affordable homes.

5. Background Information

- 5.1 Colchester Borough Council has ambitious plans to deliver up to 350 new Council owned homes by 2024. Delivery of these homes are through a wide range of initiatives and working with its wholly owned company Colchester Amphora Homes Limited (CAHL) and Arm's Length Management Organisation (ALMO) Colchester Borough Homes (CBH).
- 5.2 All 4 sites (Hardings Close, Buffett Way, Scarfe Way and Military Road) have met the necessary planning regulations and the design and specifications have all been given planning approval. The schemes represent high quality affordable housing, with adequate internal spaces, garden areas, energy efficiency, renewable energy sources, and parking. The schemes are being designed to meet the Future Home 2025 principles.
- 5.3 The contracts are being procured following a Public Procurement Directive 2105 compliant tender process and in accordance with the Councils Contract Procedures and Procurement Strategy.
- 5.4 The table below shows the milestones in regard to the tenders for each site.

Milestones	Hardings Close	Military Road	Buffett Way and Scarfe Way
Issue of tender pack	27/04/20	08/07/2020	18/05/20
Deadline for receipt of tenders	05/06/20	15/08/2020	26/06/20 (originally) Extended by 1 week until 03/07/20
Evaluation of bids	06/06/20 – 30/06/20	16/08/2020 – 18/09/2020	04/07/2020 – 14/08/2020
Notifications	Award via this cabinet Report	PfH Delegated Authority to Award – Circulation, Signature & 10 Day Call in	PfH Delegated Authority to Award – Circulation, Signature & 10 Day Call in
Award of contract	July 2020	September 2020	August 2020

- 5.5 The above shows that the bid process for Hardings Close has closed, and evaluation has been undertaken in time to award a contract to a named contractor herein. There were 20 initial expressions of interest in this contract, which resulted in 9 bids being received. The scoring for the 9 bids is discussed in the confidential Appendix A, which contains sensitive financial information. However, the bids are close to the estimated budget for this project. Cabinet can therefore decide to award the contract.
- 5.6 The bid process will have closed for Buffett Way and Scarfe Way at the time of this Cabinet meeting, but the preferred contractor would not be known as the evaluation process has only just commenced. Therefore, Cabinet is asked to delegate authority to the Portfolio for Housing and Communities to enter into a contract so that this can be concluded over the summer, and work can start on site without delay, prior to the next Cabinet meeting in September.
- 5.7 The table also shows that the procurement process for Military Road will conclude towards the middle of September. Therefore, Cabinet is asked to delegate authority to the Portfolio Holder for Housing and Communities to enter into a contract so that this can be concluded as soon as possible thereafter.
- 5.8 Robust controls and monitoring arrangements will be put in place for these new contracts. Formal monthly monitoring will be attended by the Council, CAHL and CBH. These measures will include progress against the agreed programme, monitoring of expenditure against agreed budgets and the quality and standard of the build. The Client

Team have had these measures throughout the projects to date, and the working groups with CAHL and CBH are well-established now.

- 5.9 On all 3 contracts, they will be CBC contract overseen by the Client Team. CAHL will continue to manage the project on behalf of the Council, whilst during the construction phases CBH will take on the roles of Technical Design and Contract Administrator, which will include managing day to day issues/arrangements of the contract on site as the main point of contact for the contractor. The properties will all be owned by the Council's HRA and will be managed upon completion by CBH as the Council's ALMO (as with our existing affordable housing stock).

6. Equality, Diversity and Human Rights implications

- 6.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.2 The recommendations will have no disproportionate impact on any protected group. The Equality Impact Assessment for the CBC Procurement Strategy can be found here.

7. Strategic Plan References

- 7.1 The activities to be completed under the contract to be awarded will contribute to the following Strategic Plan references:

GROWTH... Ensuring all residents benefit from the growth of the borough

- Help make sure Colchester is a welcoming place for all residents and visitors
- Ensure residents benefit from Colchester's economic growth with skills, jobs and improving infrastructure

OPPORTUNITY... Promoting and improving Colchester and its environment

- Promote initiatives to help residents live healthier lives.

WELLBEING... Making Colchester an even better place to live and supporting those who need most help

- Target support to the most disadvantaged residents and communities.

8. Consultation

- 8.1 The projects have developed overtime and statutory planning consultations have been carried out as per national planning policy guidance. Over and above the statutory consultation neighbours were written to for all of the sites detailed. For Hardings Close a local Parish Council meeting was also attended, whilst the Parish Council were also invited to attend a meeting at Rowan House in the earlier design stages. At Military Road, officers visited neighbours in person and liaised on issues prior to design work commencing.

9. Publicity Considerations

- 9.1 The procurement process will include publicity of the opportunity to tender for these contracts. There will be positive publicity opportunities related to the award of a contract and the future commencement on site.

10. Financial implications

- 10.1 The development sites are being funded via the Housing Revenue Account (HRA). The funding for which has already been approved by Cabinet as part of the 2020/21 Housing Investment Programme report in January 2020.
- 10.2 The first contract tender process has concluded within budget and it is estimated that the subsequent 2 contracts will also be within forecast budgets. The schemes therefore represent value for money and the cost of any additional borrowing within the HRA will be serviced by the new properties created. See other report on this Agenda for more detail about the 30-year HRA debt model, and the economics of housebuilding (capital costs/debt/rental returns).

11. Health, Wellbeing and Community Safety Implications

- 11.1 It is broadly expected that communities where these works will take place will be positively affected by the completion of the works by improved buildings and estates.

12. Health and Safety Implications

- 12.1 Contractors bidding for these works are expected to demonstrate a strong track record and high level of competence in managing Health and Safety through the procurement process. Health and Safety will be managed on a daily basis by the contractors, although the Council retains its CDM responsibility with the Client and has ultimate responsibilities.

13. Risk Management Implications

- 13.1 A risk register will be created by the winning contractor and actively managed throughout the project. CAHL also have their own risk register that they manage on behalf of CBC as project managers.

14. Environmental and Sustainability Implications

- 14.1 All of the schemes will be designed to Future Homes 2025 principles, which includes energy efficiency in the building design and incorporates opportunities for renewable energy sources to heat or power the properties, including heat pumps and solar PV. These will be the most sustainable properties the Council has built, surpassing the previous benchmark set by the "Phase 1" garage sites that were built to the (now defunct) Code for Sustainable Homes level 4.