



Report for:	Cabinet
Date of meeting:	26th June 2018
Part:	Part I
If Part II, reason:	Part II procurement report is annexed

Title of report:	Council New Build Housing Programme Update (To include, Martindale School Site, Northend and Westerdale Garage Sites and the use of right to buy one for one replacement funding)
Contact:	Cllr Margaret Griffiths, Portfolio Holder for Housing Mark Gaynor, Corporate Director, Housing and Regeneration Fiona Williamson, Assistant Director for Housing David Barrett, Group Manager for Housing Development
Purpose of report:	To be read in collaboration with the Part II report on this agenda. To seek approval to award the main contract to construct 65 housing units at Martindale School Site, Hemel Hempstead. To seek approval to obtain delegated authority to award the main contract to construct 6 flats at Northend garage site and 6 flats at Westerdale garage site. To seek approval for the payment of “one for one” grant funding to Housing Associations (Registered Providers) delivering affordable housing schemes in the Borough.
Recommendations	That Cabinet agrees: 1) To award the main contract to Bugler Developments Ltd as Principal Contractor to construct 65 housing units at Martindale School Site, Hemel Hempstead 2) To delegate authority to the Corporate Director of (Housing & Regeneration) in consultation with the Portfolio Holder for Housing to award the main contract and appoint a Principal Contractor to construct 6 flats at Northend garage site and 6 flats at Westerdale garage site provided this is within the approved capital budget.

	<p>3) To award the following grant funding payments for affordable housing developments in the Borough:</p> <p>a. £2,003,686 to Hightown Housing Association for a development known as Top Car Site, Wood Lane, Hemel Hempstead.</p> <p>b. To approve an increase to the grant funding payment from £3,270,169 to £3,512,080 (increase of £241,911) to Hightown Housing Association for a development known as Viking House, Maylands Avenue, Hemel Hempstead.</p> <p>c. In addition that authorisation is given to a +/- 5% adjustment to the stated cost figures above as a contingency sum should the Housing Association revise their cost data as these are based on current estimates which could adjust as the project develops.</p>
Corporate Objectives:	Delivering Affordable Housing
<p>Implications:</p> <p>Value For Money Implications</p>	<p><u>Financial</u></p> <p>The overall development budget is reviewed strategically as part of the annual review of the Housing Revenue Account (HRA) Business Plan. Each individual scheme following contract award is subject to close financial monitoring with any variances agreed formally through a change control process.</p> <p>This approach to supporting other organisations developing affordable housing in the Borough will enable us to allocate the funding before the deadline to spend expires.</p> <p><u>Value for Money</u></p> <p>This has been achieved through a successful procurement programme involving an open tender process.</p> <p>“One for one” receipts paid to Housing Associations by way of a grant provides the means to increase the provision of affordable homes within the Borough at no cost to the Council and assist in avoiding the costs of homelessness by increasing supply.</p>
Risk Implications	<p>Risk Assessment completed within the New Build Project Initiation Document (PID) and updated on Project Management Office on a monthly basis.</p> <p>If the Council is unable to spend its “one for one” receipts they must be returned to the Government. Should the Council retain receipts and then be unable to spend them within a three-year period then interest becomes payable. The recommended model agreement passes this risk onto the receiving Housing Association.</p>
Community Impact Assessment	Equality Impact Assessment completed as part of the Development Strategy – Building for the Future which identifies positive benefits to the community in terms of increased housing supply and affordable housing.

Health And Safety Implications	Health & Safety is identified as a key risk of the Housing Service and is reported to the Council's Housing & Communities Overview & Scrutiny Committee on a quarterly basis.
Monitoring Officer/S.151 Officer Comments	<p>Monitoring Officer:</p> <p>The proposed contract awards have followed competitive procurement processes to ensure that the Council is receiving value for money. It is noted from the report that the model JCT Design and Build contract as approved by the Council's external solicitors will be used and this must be completed prior to commencement of any work on site.</p> <p>The funding awards will also be made subject to completion of the Funding Agreement which has been drafted by the Council's legal team and ensures the funding is utilised within agreed timeframes.</p> <p>Deputy S.151 Officer</p> <p>The resulting tender process for both future developments has provided bids, that are within existing approved capital budgets.</p> <p>The S.151 officer should be consulted prior to the award of the Northend and Westerdale contract if the final award decision results in the development costs exceeding the existing approved capital budget.</p> <p>The award of these grants can be met from the 1-4-1 receipts and will be reported on the pooling return to MHCLG which is audited on an annual basis by DBC's appointed external auditors.</p> <p>The grant agreements signed by Hightown protects the council from any potential payment of any interest penalties charged for late delivery of schemes</p>
Consultees:	<p>Mark Gaynor, Corporate Director Housing & Regeneration James Deane, Corporate Director Finance & Operations Caroline Souto, Financial Planning & Analysis Team Leader, Financial Services David Barrett, Group Manager, Housing Development</p>
Background papers:	n/a
Glossary of acronyms and any other abbreviations used in this report:	n/a

1. Introduction

- 1.1 Dacorum Borough Council's Development Strategy, New Council Homes 2013-2020 'Building for the Future' was approved by Cabinet in December 2013 and sets out the Council's ambitious plans for the Council New Build Programme. So far, the Council has delivered over 90 new homes and a 41 bed homeless hostel with 91 currently under construction.

2. Martindale, Boxted Road, Hemel Hempstead

- 2.1 This report seeks approval to award the main contract and appoint a Principal Contractor for the former school site at Martindale, Hemel Hempstead.
- 2.2 The Council purchased the site from Hertfordshire County Council in May 2015.
- 2.3 Following Cabinet approval, a budget of £14,482,000 was approved by Members to progress this project.
- 2.4 A proportion of the homes will be sold on the open market to help subsidise the delivery of the Council's 'new homes build programme'.
- 2.5 After two public consultations a planning application was submitted in August 2017 comprising of 65 new homes: 31 proposed for outright sale comprising of 15 x 2 bedroom houses and 16 x 3 bedroom houses and then 34 new council homes for social rent, comprising of 19 flats (14 x 1 bedroom and 5 x 2 bedroom) and 15 houses (10 x 2 bedroom and 5 x 3 bedroom).
- 2.6 Planning permission (4/01630/17/MFA) was granted on 16th October 2017.
- 2.7 An Official Journal of the European Union compliant tender process was required. Following a procurement review, it was agreed to use an open procedure with separate pre-qualification and invitation to tender stages.
- 2.8 The pre-qualification tender documents for the appointment of the main contractor at Martindale were issued in February 2018.
- 2.9 The pre-qualification tender process received eight responses and each return was scored in line with the scoring methodology set out in by the Councils Procurement process. The scoring was completed by the Housing Development Team and the Council's Employers Agent, Welling Partnership.
- 2.10 Following adjudication five contractors were invited to tender fully for the contract in April 2018.
- 2.11 Each invitation to tender return has been again scored in line with the scoring methodology set out in by the Councils Procurement process. The scoring was completed by the Housing Development Team and the Council's Employers Agent Welling Partnership.

- 2.12 The form of contract for this appointment will be an amended Joint Contract Tribunal (JCT) 2016 Design and Build Contract, as provided by Eversheds in their capacity as legal advisers for the Council's New Build Programme.
- 2.13 A Design and Build Contract was selected as the Council are able to establish the financial commitments prior to works commencing, providing that changes are not introduced during the project.
- 2.14 A financial assessment was carried out by the Council's Finance Department in line with audit requirements. The recommended successful bidder passed this financial assessment.
- 2.15 Following the scoring, subsequent interview and clarification period to agree further contract qualifications. This report recommends the award of the main contract to construct 65 new Council homes at the development site at Martindale, Boxted Road, Hemel Hempstead to Bugler Developments Ltd as Principal Contractor is accepted.
- 2.16 The project is expected start on site in the Autumn and be completed by December 2020.

3. Northend and Westerdale, Hemel Hempstead

- 3.1 This report seeks approval to delegate authority to the Corporate Director of Housing & Regeneration in consultation with the Portfolio Holder for Housing to award the main contract and appoint a Principal Contractor to construct 6 flats at Northend garage site and 6 flats at Westerdale garage site provided the cost is within budget.
- 3.2 The Council identified Northend and Westerdale as part of the garage asset strategy for redevelopment, using General Fund resources, for new temporary accommodation housing. The properties would provide an ongoing revenue stream as well as being a valuable flexible asset.
- 3.3 After a public consultation, the schemes were submitted for planning approval in October 2017 and comprised 12 units for temporary accommodation housing – They are to be redeveloped in tandem to deliver 4x2 bedroom flats and 2x1 bedroom flats at Northend and 6x2 bedroom flats at Westerdale.
- 3.4 The tender documents for the appointment of the main contractor at Northend and Westerdale were issued in March 2018.
- 3.5 Each invite to tender return has been scored in line with the scoring methodology set out in the Invitation to Tender documentation. The scoring was completed by the Housing Development Team, John Lester Partnership Ltd our Employers Agent and John Rowan and Partners our Health and Safety consultant.

- 3.6 The form of contract for this appointment will be an amended Joint Contract Tribunal (JCT) 2016 Design and Build Contract, as provided by Eversheds in their capacity as legal adviser for the Council's New Build Programme.
- 3.7 A Design and Build Contract was selected as the Council are able to establish the financial commitments prior to works commencing, providing that changes are not introduced during the project.
- 3.8 The Council received nine tender returns. The level of tender returns received indicates that a competitive level of tendering was achieved.
- 3.9 A financial assessment is being carried out by the Council's Finance Department based on the bidder's set of accounts (last 3 financial years) and a credit reference report.
- 3.10 There are currently three preferred bidders which all are within the budget. The bids all require further analysis and clarifications and there will be subsequent interviews to ascertain which Contractor should be recommended for appointment.
- 3.11 This report recommends approval to delegate authority to the Corporate Director (Housing & Regeneration) in consultation with the Portfolio Holder for Housing to award the main contract and appoint a Principal Contractor to construct 6 flats at Northend garage site and 6 flats at Westerdale garage site provided the cost is within budget.
- 3.12 The project is expected start on site in the Autumn and be completed by December 2019.

4 141 Right to Buy Replacement Scheme – Applications for Approval

- 4.1 The Council signed up to an agreement with the Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government), following the government's major increase in the level of potential discount for Right to Buy, which allowed the Council to use the receipts to part fund new affordable homes – the one for one replacement scheme.
- 4.2 Grant funding these schemes has been agreed in principle by the Council's Finance Department and fits within the profile of receiving and using one for one receipts. A formal agreement drawn up by the Council's Legal team was agreed as a template through a recent Portfolio Holder decision signed by the Council's Portfolio Holder for Housing. Each scheme will have its own agreements which following approval will be signed by both the Council and the individual Housing Association. This agreement commits the Council to make the payments at agreed timescales and places an obligation on the Housing Association to spend the funding within specific timescales or otherwise face financial penalties.

5 Hightown Housing Association – Top Car Site, Wood Lane, Hemel Hempstead - £2,003,686

- 5.1 Hightown Housing Association have submitted an application for £2,003,686 in grant funding for the provision of 29 Flats (13 x One Bed & 16 x Two Bed) for Affordable Housing (Affordable Rent). This application will be drawn down as follows:

2018/2019 £619,562

2019/2020 £827,390

2020/2021 £531,160

2021/2022 £25,574

- 5.2 The cost data provided is based on the Housing Associations current estimate. An additional +/- 5% cost adjustment as a contingency sum should be included in addition to the stated figures.

6 Hightown Housing Association – Viking House, Swallowdale Lane, Hemel Hempstead - Increase to the grant funding payment from £3,270,169 to £3,512,080 (increase of £241,911)

- 6.1 Hightown Housing Association have submitted a revised application to increase the grant funding payment of £3,270,169 to £3,512,080 for the provision of 57 Flats (26 x One Bed & 31 x Two Bed) for Affordable Housing (Affordable Rent and Intermediate Rent).

- 6.2 An increase of £242,111 is required for remediation works after the discovery of asbestos on site. The first application for £3,270,169 was approved by Cabinet on 30/01/2018 – CA/18/18

- 6.3 This revised application will be drawn down as follows:

2018/2019 £2,148,153

2019/2020 £1,300,047

2020/2021 £63,880

- 6.4 The cost data provided is based on the Housing Associations current estimate. An additional +/- 5% cost adjustment as a contingency sum should be included in addition to the stated figures.

- 7.1 Following the ITT scoring, subsequent interview and clarification period to agree to further contract qualifications. This report recommends the award of the main contract to construct 65 new Council homes at the development site at Martindale, Boxted Road, Hemel Hempstead to Bugler Developments Ltd as Principal Contractor is accepted.
- 7.2 To delegate authority to the Corporate Director (Housing & Regeneration) in consultation with the Portfolio Holder for Housing to award the main contract and appoint a Principal Contractor to construct 6 flats at Northend garage site and 6 flats at Westerdale garage site provided the cost is within budget.
- 7.3 That individual grant agreements be made with, and payments made to, the following Housing Associations:
- 7.4 £2,003,686 to Hightown Housing Association for a development known as Top Car Site, Wood Lane, Hemel Hempstead.
- 7.5 An increase to the grant funding payment from £3,270,169 to £3,512,080 (increase of £241,911) to Hightown Housing Association for a development known as Viking House, Maylands Avenue, Hemel Hempstead.