



Report for:	Cabinet
Date of meeting:	22 <sup>nd</sup> September 2020
Part:	I
If Part II, reason:	

Title of report:	<b>Appointment of Principal Contractor for Eastwick Row, Hemel Hempstead</b>
Contact:	<p>Cllr Margaret Griffiths, Portfolio Holder for Housing</p> <p>Mark Gaynor, Corporate Director Housing and Regeneration</p> <p>Fiona Williamson, Assistant Director Housing</p> <p>Nigel Howcutt, Assistant Director Finance and Resources</p> <p>David Barrett, Housing Development Group Manager</p>
Purpose of report:	<p>To be read in conjunction with Part II.</p> <ol style="list-style-type: none"> <li>1. To seek approval to award the main contract and appoint a Principal Contractor to construct 36 units at Eastwick Row, Hemel Hempstead.</li> <li>2. To provide delegated authority to the Council's Assistant Director (Corporate and Contracted Services) to execute and complete all legal agreements ancillary to the JCT Design &amp; Build Contract and/or reasonably required to complete the Project, including (but not limited to): <ol style="list-style-type: none"> <li>a. all professional appointments;</li> <li>b. collateral warranties; and</li> <li>c. Agreements under S.38, &amp; S.278, of the Highways Act 1980; S.247, Part III of the Town and Country Planning Act 1990; S.104 of the Water Industry Act 1991, and S.50 of the New Roads and Street Works Act 1991.</li> </ol> </li> </ol>

Recommendations:	<ol style="list-style-type: none"> <li>1. That the main contract to construct 36 x social rented units at Eastwick Row, Hemel Hempstead be awarded to Jarvis Contracting Limited.</li> <li>2. That delegated authority be approved to the Council's Assistant Director (Corporate and Contracted Services) to execute and complete all legal agreements ancillary to the JCT Design &amp; Build Contract and/or reasonably required to complete the Project, including (but not limited to): <ol style="list-style-type: none"> <li>a. all professional appointments;</li> <li>b. collateral warranties; and</li> <li>c. Agreements under S.38, &amp; S.278, of the Highways Act 1980; S.247, Part III of the Town and Country Planning Act 1990; S.104 of the Water Industry Act 1991, and S.50 of the New Roads and Street Works Act 1991.</li> </ol> </li> </ol>
Corporate Objectives:	Delivering Affordable Housing
Implications:  'Value For Money Implications'	<u>Financial</u>  The overall development budget is reviewed strategically as part of the annual review of the Housing Revenue Account Business Plan. Each individual scheme following contract award is subject to close financial monitoring with any variances agreed formally through a change control process  <u>Value for Money</u>  This has been achieved through a successful procurement programme involving an open tender process.
Risk Implications	Risk assessments are completed within the new build Project Initiation Document (PID) and reviewed and updated on Project Management Office, on a monthly basis.  A risk assessment is completed for this project by the Employers Agent and reviewed monthly from the award of the contract.
Community Impact Assessment	A Community Impact assessment is not required as homes are developed and allocated in line with the demand and to replicate the criteria for assessment, as set out in the Council's Allocation Policy, which has had a full assessment. The Development includes four Wheelchair units on the ground floor.
Health And Safety Implications	Each new build scheme has in place a Principal Designer and Construction Design and Management Regulations (CDM) Advisor. Contractors are required to comply with the Council's Health and Safety (H&S) policy along with Considerate Constructors requirements.

	Health and Safety is identified as a key risk of the Housing Service and is reported to the Council's Housing and Communities Overview and Scrutiny Committee on a quarterly basis. To ensure compliance monthly site checks carried out on behalf of DBC as the client to ensure adherence to H&S procedures.
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>The proposed contract award follows a competitive and compliant tender process which demonstrates that the Council is receiving value for money for the contract.</p> <p><b>Deputy S.151 Officer</b></p> <p>The Eastwick Row development is part of the approved HRA capital programme and the costs of this contract can be met from within approved New Build Housing budget.</p>
Consultees:	<p>Mark Gaynor, Corporate Director Housing and Regeneration</p> <p>James Deane, Corporate Director Finance &amp; Operations</p> <p>Fiona Williamson, Assistant Director Housing</p> <p>Nigel Howcutt, Assistant Director Finance and Resources</p> <p>David Barrett, Group Manager, Housing Development</p> <p>Caroline Souto, Financial Planning &amp; Analysis Team Leader, Financial Services</p> <p>Andrew Linden, Team Leader, Commissioning, Procurement &amp; Compliance</p>
Background papers:	Housing Revenue Account Business Plan January 2020
Glossary of acronyms and any other abbreviations used in this report:	<p>HRA Housing Revenue Account</p> <p>ITT Invitation to Tender</p> <p>JCT Joint Contract Tribunal</p> <p>SQ Separate Pre- Qualification</p> <p>PID Project Initiation Document</p> <p>CDM Construction Design and Management Regulations</p> <p>H&amp;S Health and Safety</p>

## 1. Background

- 1.1 Since 2013 the Council has embarked on a development programme, which to date has seen the delivery of 270 new Council homes, including St Peters, a block of energy efficient, Passive House flats. Additionally the Council has needed to respond to an increasing pressure from Homeless applicants and completed a 41 bed homeless hostel, The Elms in 2015.

**Table 1. Properties delivered to date**

<b>Scheme</b>	<b>Tenure</b>	<b>No. of units</b>	<b>Completion</b>	<b>Site source</b>
The Elms	TA	41	2015	Private
Longlands	Social rent	6	2015	Council
Farm Place	Social rent	26	2015	Council
St Peters	Social rent	9	2015	Private
Aspen Court	Social rent	36	2016	Private
Queen Street	Social rent	6	2016	Council
Able House	Social rent	14	2017	Private
Kylina Court	Social rent	79	2019	Private
Corn Mill Court	Social rent	12	2019	Private
Williams House	TA	6	2020	Council
Howe Grove House	TA	6	2020	Council
Magenta Court	Social rent	29	2020	Private
<b>TOTAL</b>		<b>270</b>		

- 1.2 The Council already has both a good record of accomplishment on delivery of new homes to date and a strong pipeline of new schemes programmed. The lifting of the borrowing cap on the HRA has presented an opportunity to accelerate delivery and enable a sustainable ongoing development programme.

**Table 2. Properties in construction**

<b>Scheme</b>	<b>Tenure</b>	<b>No. of units</b>	<b>Completion</b>	<b>Site source</b>
West Dean	Social rent	3	2020	Council
Martindale	Social rent Sale	44 21	2020	Private
<b>TOTAL</b>		<b>68</b>		

## **2. Introduction**

### **Eastwick Row, Hemel Hempstead**

- 2.2 This report seeks approval for the appointment of the Principal Contractor at Eastwick Row, Hemel Hempstead.
- 2.3 The Council identified Eastwick Row for redevelopment, using Housing Revenue Account and General Fund resource. The properties would provide an ongoing revenue stream as well as being a valuable flexible asset.
- 2.4 After a public consultation, a planning application was submitted in July 2019 for consideration and comprised 36 dwellings comprising a new block of 34 flats and two 3-bed houses. In addition the public realm area in front of the existing blocks has been completely redesigned to increase the number of parking bays, create lit paths to the roads, maximise the use of the space and reduce anti-social behaviour. Planning permission was granted in June 2020.

- 2.5 The design of this scheme will maximise the energy efficiency performance of the building fabric, reducing the energy demand for space heating. The design also includes the use of solar PV array which will be connected to the landlord's supply in the apartment block to reduce the grid electricity demand for the communal lighting, plant and lifts.

Please see **Appendix A** for a proposed site layout of the scheme.

### **3. Procurement Process**

- 3.1 As the estimated construction cost was over £4.7m an OJEU compliant tender process was required. Following a review of the options with the Council's Procurement Officer, it was recommended we use a restricted procedure with separate pre-qualification (SQ) and Invitation to Tender (ITT) stages.
- 3.2 In November 2019, we issued the SQ and received 11 responses, which after due process identified that 5 contractors were eligible to proceed to ITT.
- 3.3 In May 2020, the 5 contractors were invited to ITT and during this process one contractor withdrew their application and the remaining 4 submitted their tender. Their submissions were received in July 2020 and were scored in line with the scoring methodology set out in the ITT documentation. The scoring was completed by the Housing Development Team, the Employers Agent, Philip Panks Partnership and the Principal Designer, Ridge and Partners.
- 3.4 Final clarifications were received from all the bidders and as a result of a robust scoring process of the qualitative responses, it was recommended that the top two bidders would be invited for a tender clarification interview.
- 3.5 Of the bidders brought forward to interview the highest scoring bid was from Jarvis Contracting Limited, who have submitted a compliant submission subject.
- 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 Bevan Brittan in their capacity as legal adviser for the Council's New Build Programme. A draft copy of this contract was included in the ITT documentation.
- 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 level of tender returns received indicates that a competitive level of tendering was achieved.
- 3.9 A financial assessment was carried out by the Council's Finance Department based on the bidder set of accounts (last 3 financial years) and a credit reference report. The recommended successful bidder passed this financial assessment.
- 3.10 In order to deliver this development, a number of statutory legal agreements need to be entered into by the Council. In order to achieve these to the benefit of the

development and reduce delays, delegated authority for the Council's legal team or appointed representative to sign these documents is required.

- 3.11 The cost to complete these agreements have been allowed for within the requested budget.

#### **4. Recommendations**

- 4.1 To award the main contract to construct 36 x social rented units at Eastwick Row, Hemel Hempstead to Jarvis Contracting Limited.
- 4.2 To approve delegated authority to the Council's Assistant Director (Corporate and Contracted Services) to execute and complete all legal agreements ancillary to the JCT Design & Build Contract and/or reasonably required to complete the Project, including (but not limited to):
- a. all professional appointments;
  - b. collateral warranties; and
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