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| Report for: | Cabinet |
| Title of report: | Appointment of Principal Contractor for the construction of 46 dwellings at St. Margaret's Way |
| Date: | 27 th September 2022 |
| Report on behalf of: | Councillor Alan Anderson, Portfolio Holder for Place |
| Part: | Part I with Part II procurement report annexed |
| If Part II, reason: | |
| Appendices: | |
| Background papers: | Appendix A - Consultant's Tender Report dated July 2022 Appendix B – Proposed Development Plan |
| Glossary of acronyms and any other abbreviations used in this report: | ASHPs – Air Source Heat Pumps DMC – Development Management Committee GF – General Fund HRA – Housing Revenue Account ITT – Invitation to Tender JCT – Joint Contracts Tribunal |

Report Author / Responsible Officer

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| Corporate Priorities | <ul style="list-style-type: none"> • A clean, safe and enjoyable environment • Building strong and vibrant communities • Ensuring economic growth and prosperity • Providing good quality affordable homes, in particular, for those most in need • Ensuring efficient, effective and modern service delivery • Climate and ecological emergency • |
| Wards affected | Leverstock Green |
| Purpose of the report: | To be read in conjunction with Part II. 1. To seek approval to award the main contract and appoint a Principal Contractor to construct houses and flats at St. |

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| | <p>Margaret's Way, totalling 46 new homes for social rent, including new access road, parking and amenity areas.</p> <p>2. To provide delegated authority to the Council's Assistant Director (Legal & Democratic Services) to execute and complete all legal agreements ancillary to the JCT Design & Build Contract 2016 and/or reasonably required to complete the Project, including (but not limited to):</p> <ol style="list-style-type: none"> a. all professional appointments; b. collateral warranties; and c. Agreements under S.38, & 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. |
| Recommendation (s) to the decision maker (s): | <p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Awards the main contract to construct 46 social rented homes to Helix Construction Ltd., subject to the project achieving formal planning approval. 2. Delegates authority to the Strategic Director – Place and the Chief Finance Officer to finalise the contract value with the approved contractor; and 3. Delegates authority to the Assistant Director (Legal & Democratic Services) to execute and complete all legal agreements ancillary to the JCT Design & Build Contract 2016 and/or reasonably required to complete the Project, including (but not limited to): <ol style="list-style-type: none"> a. all professional appointments; b. collateral warranties; and c. Agreements under S.38, & 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. |
| Period for post policy/project review: | <p>There will be a 12-month defect liability period after practical completion. A 2-year review period is therefore recommended for this project.</p> |

1 Introduction/Background:

Since 2013, the Council has delivered 356 new Council homes in the Borough, providing a good record of delivering new homes for social rent.

This report seeks approval for the appointment of the Principal Contractor for the Council's next project at St. Margaret's Way.

The proposals include the delivery of 46 new, two and three bed homes, which are a mix of flats and houses on land owned by the Housing Revenue Account and land to be appropriated from the general fund. The proposal will provide an ongoing revenue stream for rental income.

Following a public consultation, a planning application was submitted in August 2021. The proposed development includes communal areas and adequate parking spaces to meet Dacorum Borough Council's Parking Standards. Planning permission was granted at DMC on the 16th December 2021 - 21/03089/MFA.

Due to the Chilterns Beachwood's Special Area of Conservation moratorium, formal consent has not yet been received. Therefore, Cabinet agreement is conditional on receiving a full planning approval for the project.

The design of St. Margaret's Way will maximise the energy efficiency performance of the building fabric, reducing the energy demand for space heating. The new homes have been designed to utilise offsite timber frame manufacturing supporting the Hertfordshire Offsite Manufacturing Consortium.

See Appendix B for a proposed site layout of the scheme.

In February 2022, an ITT was advertised on the Supply Hertfordshire Portal, Find a Tender Service and Contracts Finder. The tender submissions were evaluated in line with the methodology set out in the tender documentation. The scoring was completed by the Housing Development Team and the Council's Employers Agent, Philip Pank Partnership.

Clarification responses were received from all bidders and, following a robust scoring process of the qualitative responses, it was recommended that two of the three bidders would be invited for a final tender clarification interview. The submission from the bidder not invited to interview was deemed non-compliant against quantitative criteria. After interview, and further clarifications, a second tender bid was deemed to be non-compliant.

The highest scoring bid was from Helix Construction Ltd. who submitted a compliant submission subject to negotiation of the contract amendments.

The scoring methodology to adjudicate tenders relate to quality and technical merit (equating to 60% of the overall marks available) and the pricing element (equating to 40% of the overall marks available).

2 Key Issues/proposals/main body of the report:

After an open tender procurement process, tenders were returned and evaluated on both price and quality. The process included and assessment of the contractors' experience, knowledge and compliance.

The highest scoring tender after interview was returned by Helix Construction Ltd – See Appendix A.

3 Consultation:

A list of consultees for this decision are as follows:

- Councillor Alan Anderson, Portfolio Holder for Place
- James Doe, Strategic Director (Place)
- Nigel Howcutt, Chief Finance Officer
- David Barrett, Head of Development
- Farida Hussain, Head of Legal and Democratic Services
- Sue Foster, Procurement Lead Officer, Commissioning, Procurement & Compliance
- Ben Hosier, Head of Commercial Development

4 Financial and value for money implications:

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 methodology.

The lifting of HRA borrowing cap has provided the opportunity to take out additional borrowing, through Public Works Loan Board, at what are still historically low rates of interest, enabling the expansion of the new build programme in a sustainable and affordable way.

This has been achieved through a successful procurement programme involving a tender process using an existing Framework managed by the Councils Procurement Team.

A financial assessment was carried out by the Council's Finance Department based on the bidders' set of accounts (last 3 financial years) and a credit reference report. The recommended successful bidder passed this financial evaluation.

5 Legal Implications:

The purpose for which the local authority is appropriating the land must be authorised by statute. Further to section 17(1)(a) of the Housing Act 1985, a local housing authority may acquire land for development purposes.

Section 203 of the Housing and Planning Act 2016 provides that, where land has been appropriated for planning purposes, then existing rights, which could prevent the development from being carried out in accordance with the planning permission, can be overridden, subject to payment of compensation to the affected parties. By virtue of appropriating under section 122 LGA, section 203 will be enabled.

The appropriation of the land has been authorised by a previous Cabinet Report.

6 Risk implications:

A risk assessment has been completed for this project by the Project Manager/ Employers Agent and reviewed monthly from the award of contract.

7 Equalities, Community Impact and Human Rights:

A Community Impact assessment is not required. Homes are developed and allocated in line with the demand for social housing and to replicate the criteria for assessment, as set out in the Council's Allocation Policy, which has had a full appraisal.

There are no Human Rights implications arising from this report.

8 Sustainability implications (including climate change, health and wellbeing, community safety):

The new housing scheme has been designed with consideration to energy efficiency and sustainability.

9 Council infrastructure (including Health and Safety, HR/OD, assets and other resources):

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 & 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 are carried out on behalf of DBC as the client to ensure adherence to H&S procedures.

11 Statutory Comments

Monitoring Officer:

The proposed award of contract has followed a compliant procurement process and will be secured by an appropriate form of building contract prior to commencement of the works.

S151:

The proposed award of the principal contractor is the conclusion of an open and transparent procurement process and the winning contractor provides the best value for money to the Council. The St Margaret's project is part of the current 2022 HRA 30-year business plan, and hence the costs of this project are included in the medium-term financial plan. The costs of new build developments are increasing significantly at present which is likely to provide an increasing fiscal challenge for the HRA in the current climate.

12 Conclusions:

After an open tender procurement process, three tenders were returned, of which after detailed evaluation and analysis, only one compliant tender was validated on both price and quality. The process included and assessment of the contractors' experience, knowledge and compliance.

The highest scoring tender was returned by Helix Construction Ltd.

The report seeks to recommend the award of the main contract to construct 46 No. social rented homes at St. Margaret's Way to Helix Construction Ltd all subject to achieving a planning approval.