

To: HOUSING AND SOCIAL WORK SERVICES COMMITTEE		Subject: NEW BUILD PROGRAMME
From: HEAD OF HOUSING SERVICES		
Date: 25 FEBRUARY 2009	Ref: MP/ PH	

1. Purpose of Report / Introduction

The purpose of this report is to seek committee approval for the proposed approach to the procurement of the next phase of the council's new build programme.

2. Background

- 2.1 In December 2008 the committee approved the tendering of the first phase of 20 units at Holytown, and the submission of a bid to the Scottish Government for a share of the £25m available to support council new build programmes. The committee also noted a list of sites that are being considered for the new build programme.
- 2.2 Based on the resources already committed by the council a bid for £4.6m has been submitted to the Scottish Government, which, if successful would increase the programme. The outcome of the bid is expected shortly.
- 2.3 At the budget meeting on 29 January 2009 the committee approved additional Growth of £0.6m per annum which will fund additional borrowing to fund around 60 units. This can be further enhanced by the use of £0.23m per annum from council tax monies that are ring-fenced for Affordable Housing. This would fund an additional 23 units.
- 2.4 The new build programme has therefore expanded from 125 units to over 200 units. It is therefore necessary to consider how best to procure the programme to ensure best value for the council.

3. Proposals / Considerations

- 3.1. Following consultation with Design Services, it is considered that the establishment of a long term framework agreement is the most appropriate strategy for the procurement of the next phase of the new build programme. The framework agreement will be established using the EC restricted procedure. This involves:
- Advertising the general proposal through an OJEU Notice and inviting expressions of interest
 - Selecting a number of suppliers based on criteria specified in a pre-qualification questionnaire
 - Appointment of a small number of suppliers to the framework based on price and quality and experience and inviting them to submit a quote for each project or projects.
 - Evaluating the returned quotations and awarding the contract to the best contractor/contractors on a predefined price/quality basis.

3.2. This approach has the following advantages:-

- Maximising the opportunity by making the contractual package larger than a one off contract. This is attractive to contractors, providing them with a potentially greater volume of work and continuity which can lead to cost reductions.
- As the framework will comply with the EC procurement rules, once the framework is in place, contracts under the framework can be awarded without the need to advertise which will reduce the time and effort associated with serial tendering. Contracts for additional housing developments can be awarded under the framework as required up to the maximum value stated in the OJEU notice thereby providing flexibility to the process and the OJEU notice will be written to accommodate this.
- On the basis that there will be predetermined prices or percentages for prescribed elements of work, greater accuracy of estimates will be possible at an early stage.
- While there is no guarantee of work, the prospect will encourage competitive costings and contract performance. Additional contracts can be awarded using the criteria specified in the framework agreement.

3.3. In accordance with EC Procurement Legislation, a contract notice will be issued inviting expressions of interest, based on the requirements of the framework agreement and detailing the pre-qualification criteria. On receipt of the expressions of interest, with the completed pre-qualification information, an evaluation exercise will be undertaken to establish the potential providers who will be invited to tender for admittance to the framework.

3.4. Design Services considers that the optimum model for the Council is to be one framework with three contractors being considered for inclusion in the framework for a four year period or an initial two years with the option to extend for an additional year on two occasions.

3.5. The exact scope and value of the contract notice will be influenced by the out-come of the bid to the Scottish Government, but at a minimum it is proposed it would include the development of the following sites with an estimated contract value in the region of £11.6m:

Site	No Units
Cambusnethan Primary School, Wishaw	20
St Gabriel's Primary School, Laburnum Rd, Viewpark	20
Clarkston Primary School, Airdrie	20
Lanrig Rd, Chryston	25
Burngreen Lodge, Kilsyth	20
Total	105

3.6. The advantage of the framework approach is that there would be scope to add in additional projects to the contract to accommodate additional sites if required.

3.7. The contracts will be procured on a Design and Build basis, using the specification developed for the first phase.

3.8. Discussions are also progressing regarding potential partnership initiatives to procure units through a Design and Build approach in Cumbernauld and potentially in Ravenscraig. These proposals will be the subject of a future committee report.

4. Financial / Personnel / Legal / Policy Implications

- 4.1. The necessary financial resources to fund the construction of the properties outlined in paragraph 3.5 above have been earmarked within the HRA revenue budgets, and additional borrowing will fund the capital expenditure

5. Recommendations

It is recommended that the Committee:

- (i) Approve the proposal to proceed to tender for the next phase of the new build programme using a framework approach as outlined in section 3 of this report.



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Head of Housing Services
12 February 2009

For further information about this report please contact Pamela Humphries, telephone 01698 274174.