

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref TM/PH

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New Build Programme - Future Procurement

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Executive Summary

The purpose of this report is to update the Committee on the current procurement exercise of the next phase of the new build programme and to seek approval to commence procurement of the former site of Abronhill High School, Cumbernauld for the new build housing programme using Hub South West as our development partner.

The use of Hub South West is subject to benchmarking and best value being established and approval of the outcome by a future committee.

This report also highlights progress with the procurement of the current phase of the programme including the removal of the site at Old Glasgow Road, Cumbernauld due to poor ground conditions.

Recommendations

It is recommended that the Committee:

- (1) Agree to the commencement of procurement activity with Hub South West to potentially deliver new build social housing and housing for sale at the site of the former Abronhill High School, Cumbernauld, the outcome of which will be subject to a future report to committee.
- (2) Note the removal of the site at Old Glasgow Road, Cumbernauld Village due to poor ground conditions
- (3) Note the inclusion of sites at Laburnum Road, Viewpark and Northburn, Airdrie within the sites to be procured using the Scottish Procurement Alliance Framework.

Supporting Documents

The plan for North Lanarkshire **Ambition Statement 1:** Ensure a housing mix that supports social inclusion and economic growth.

Ambition Statement 2: Refocus our town centres and communities to be multi-functional connected places which maximise social, economic, and environmental opportunities.

Programme of Work: P013 New Supply Programme - Plan and deliver 5,000 new council homes by 2035.

1. Background

- 1.1 The council has an approved programme to deliver 5,000 new homes by 2035. The delivery of such a large scale programme presents a number of challenges, not least of which is the procurement of contractors to build the houses to the required standard, within the timescale required and at a competitive cost. In order to increase the pace of delivery, secure best value and minimise risk to the council a range of procurement options are likely to be required.
 - 1.2 A number of different procurement routes have been used to help ensure delivery of the programme. These include the use of a national framework agreement between Scape and Wilmott Dixon. A procurement exercise was also undertaken to competitively tender the construction of 58 new homes on the former St James' Primary School Site, Lismore Drive, Coatbridge. The current phase of the new build programme will be delivered utilising the Scottish Procurement Alliance Housing Construction Framework and the outcome report was approved at the November 2018 Enterprise and Housing Committee.
 - 1.3 The council has also recently agreed to participate in the establishment of a future new build framework through Scotland Excel, although it is anticipated that this will not be available now for use until October 2019. There is therefore a need to progress with all alternative procurement routes available in the short term.
 - 1.4 Hub South West is a public private partnership that enables cost-efficient design and construction of facilities within South West Scotland Hub Territory. North Lanarkshire Council are a named participant contracting authority within the territory and have entered into a shareholders agreement. They provide value for money and generate growth in the local economy through a new method of partnership working and procurement, maximising local investment and improved community services.
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2. Report

- 2.1 Following consideration of available options it is proposed that the Council should seek to obtain tender costs utilising the Hub South West Construction Framework for the new build social housing site at the former site of the Abronhill High School, Cumbernauld. The site will be developed for mixed tenure housing, comprising 60 new build social housing units and approximately 30 homes for sale.
- 2.2 The site is in council ownership and will be considered for viability following further ground investigations works and site restrictions. The holding Service has declared the site surplus to requirements and site layout will be subject to planning and roads approval.
- 2.3 The process will involve the Council completing a New Project Request Template in order that a tender enquiry can be issued to the relevant contractor(s) to evaluate their experience, economic and financial standing, ability, technical capacity, price and proposals for the project. . At this stage there is no fee payable to either the contractor or Hub South West. Should the final price be determined to represent Best Value then, subject to finalisation of a Sourcing Methodology including an options appraisal, the contract will be progressed in accordance with Contract Standing orders.

- 2.4 Following approval at the November 2018 Enterprise and Housing Committee the Council has commenced procurement activity utilising the most appropriate SPA housing construction framework for the next phase of the new build programme comprising up to 9 sites. Following receipt of the ground investigation report at Old Glasgow Road, Cumbernauld Village the site is no longer considered viable due to the extent of abnormal costs associated with ground conditions. Sites at Laburnum Road, Viewpark and Northburn, Airdrie have now been brought forward and added to the next phase of the new build programme utilising the most appropriate SPA housing construction framework.
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3. Equality and Diversity

3.1 Fairer Scotland

The new build programme has accounted for measures that will reduce inequalities of outcome via a number of activities relating to design parameters including:

- Housing for Varying Needs;
- Secure by Design;
- Achieving the Scottish Government requirements for Greener Homes to reduce the incidence of fuel Poverty;
- The inclusion of design standards relating to access to internet capabilities including 'fibre to the property'.

3.2 Equality Impact Assessment

An Equality Impact Assessment has been undertaken in relation to the new supply programme and its contribution to Local Housing Strategy, Strategic Housing Outcomes.

4. Implications

4.1 Financial Impact

There are no direct financial implications arising from this report as at this stage the council is only seeking costs from the Hub South West framework contractors.

Should the final price, including 0.56% framework levy, represent best value then the contract will be progressed in accordance with Contract Standing orders. The project is in the new build programme and the cost of this project can be met from the Housing Revenue Account.

4.2 HR/Policy/Legislative Impact

The contract will be awarded in accordance with the Council's Contract Standing Orders.

4.3 Environmental Impact

The works contract will ensure that the impact on the Council's carbon footprint is mitigated. The specifications incorporated within the contract documentation will: deliver reduced energy need; encourage sustainable construction; promote health and wellbeing; reduce waste and resources through effective storage,

collection and composting of waste and recyclable materials and; include measures which will reduce CO2 emissions.

4.4 **Risk Impact**

Risk associated with the New Supply Programme is managed within the Enterprise & Communities Risk Register process. By undertaking detailed ground investigation and other relevant site assessments prior to proceeding with the development of any particular site, the council is mitigating the risk of unforeseen costs relating to ground conditions, although this risk cannot be eliminated entirely.

The due diligence to be conducted with regard to title checks and ground investigations are primarily associated with identifying and thereby mitigating, minimising or removing potential risks to the council.

5. **Measures of success**

- 5.1 The measure of success will be the cost effective delivery of the council's new supply programme which aims to deliver 5,000 new homes by 2035.



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