

North Lanarkshire Council

Report

Housing and Regeneration Committee

approval noting

Ref PH/TM

Date 20/05/20

New Build Programme - Procurement

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Executive Summary

The purpose of this report is to update the Committee on current procurement activity relating to the new build programme.

Recommendations

It is recommended that the Committee:

- 1) Approve the award of a call off contract in line with the Scottish Procurement Alliance (SPA) framework agreement conditions for the construction of new build housing at the former Belhaven House, Roberts Street, Wishaw to Hadden Construction Limited in the revised sum of £3,099,186.27, including contingency allowance.
- 2) Approve the award of a call off contract in line with the Scottish Procurement Alliance (SPA) framework agreement conditions for the construction of new build housing at the former Chiltern's House, Lindsaybeg Road, Chryston to Hadden Construction Limited up to the revised value of £4.1M, including contingency allowance.
- 3) Approve the award of a call off contract in line with the Scottish Procurement Alliance (SPA) framework agreement conditions for the construction of new build housing at the Northburn Avenue, Airdrie to Hadden Construction Limited up to the revised value of £6.05M, including contingency allowance.
- 4) Note the award of a call off contract call off contract for the construction of new build housing at Caledonian Avenue, Bellshill to CCG (Scotland) Limited in the revised sum of £4,775,615.31 including contingency allowance.
- 5) Note the current difficulties being experienced with Scottish Water in their recent strict application of the Surface Water Policy preventing the award of a call off contract for the construction of new build housing at Community Road, Bellshill to CCG, (Scotland) Limited.
- 6) Note the current difficulties being experienced with Scottish Water in their recent strict application of the Surface Water Policy preventing the award of a call off contract for the construction of new build housing at Berwick Street, Coatbridge and Laburnum Road, Viewpark to Cruden Building & Renewals Limited.

The Plan for North Lanarkshire

Priority	Improve economic opportunities and outcomes
Ambition statement	(1) Ensure a housing mix that supports social inclusion and economic growth

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 have been utilised. These include competitively tendering projects through the restricted procedure, the use of a national framework agreement between Scape and Wilmott Dixon, the use of the SPA housing construction framework agreement and more recently the use of Hub South West.
- 1.2 The Council has also participated in the establishment of a new build framework agreement through Scotland Excel, and a contract award has now been made and has been available for use from August 2019. This framework agreement is for the delivery of new build housing projects for Scottish local authorities, housing associations and other public bodies and includes a number of lots covering different geographical areas and different sized developments. North Lanarkshire is included in this framework agreement as a separate geographical area.
- 1.3 Further information regarding the current status of the Councils new build programme is contained in Appendix 1

2. Report

- 2.1 Following approval at the November 2019 Communities and Housing Committee of the feasibility costs obtained for the construction of sixteen units of new build housing at Roberts Street, Wishaw a final tender price was agreed to allow the contract award. It is recommended that the award of a call off contract be made to Hadden Construction Ltd. The revised sum is three million, ninety nine thousand, one hundred and eighty six pounds and twenty seven pence (£3,099,186.27). The final tender price is approximately £225k higher than the feasibility costs of £2.875M previously reported and now includes specification amendments, additional substructure costs and additional contingency allowance. The result of the tender evaluation has been included within this report at Appendix 2. Subject to Committee approval the works were expected to commence on site in May 2020 subject to the contractor obtaining the statutory consents, but this has been delayed due to the ongoing site shutdowns as a result of imposed Covid-19 restrictions.

2.2 As reported at the November 2019 Communities and Housing Committee, a final combined tender price was agreed to allow the contract award for the construction of new build housing at Caledonian Avenue and Community Road, Bellshill to CCG (Scotland) Limited. However, the contract award was put on hold due to the current difficulties of obtaining technical approval from Scottish Water by their strict application of their Surface Water Policy preventing discharging the surface water into the combined foul and surface water sewer at Community Road. A solution was found to allow the contract award of Caledonian Avenue to be made as a first phase. A final tender price was agreed to allow a contract award to be made for the construction of twenty seven units of new build housing at Caledonian Avenue, Bellshill to CCG (Scotland) Limited. The revised sum is four million, seven hundred and seventy five thousand, six hundred and fifteen pounds and thirty one pence (£4,775,615.31) including contingency allowance. The result of the tender evaluation has been included within this report at Appendix 2. The works commenced on site in December 2019 however progress has been delayed due to the ongoing site shutdowns as a result of imposed Covid-19 restrictions. To date, the Council have still not been able to secure a viable solution for the surface water sewer connection at Community Road that would allow a contract award to be made and discussions are still ongoing to identify an agreeable solution.

2.3 As reported at the November 2019 Communities and Housing Committee, there were issues that prevented the award of contracts for the construction of new build housing at Bon Accord, Shotts, at Berwick Street, Coatbridge and at Laburnum Road, Viewpark.

Unfortunately the site at Bon Accord Crescent, Shotts is no longer considered viable due to the extent of the abnormal costs associated with the ground conditions. Despite, a reduced site layout being considered, best value could not be demonstrated. In addition, the Council were unable to secure technical approval from Scottish Water for a surface water connection into the combined foul and surface water sewer.

The procurement for the construction of new build housing at Berwick Street, Coatbridge and at Laburnum Road, Viewpark is still live. Although technical approval from Scottish Water for a surface water connection into the combined foul and surface water sewer has not been approved, other options for a viable solution are being pursued with Scottish Water that would allow the contract awards to be made, subject to value for money being established.

2.4 As reported at the November 2019 Communities and Housing Committee, the Council progressed procurement activity utilising the most appropriate SPA housing construction framework agreement and feasibility costs of £3.748M, including a 10% contingency allowance, had been obtained for the former Chilterns House, Lindsaybeg Road, Chryston (22 units) from Hadden Construction Limited. Following changes made by the Council for specification amendments, design layouts and additional contingency allowance the feasibility cost has now been revised to £4.1M, including contingency allowance. The revised feasibility costs obtained are considered to represent best value and, subject to benchmarking against the appropriate SPA framework agreement rates, it is proposed that a final tender price be agreed to allow the contract award. The tender is due to be returned in May 2020 with contract award to follow and a proposed construction site start in September 2020 (subject to Covid 19 restrictions). The committee will be updated when the tender has been evaluated with a full report on the result of the procurement process and tender evaluation.

- 2.5 The Council has also progressed procurement activity utilising the SPA housing construction framework agreement and feasibility costs of £6.050M, including a 10% contingency allowance have been obtained for Northburn Avenue, Airdrie (31 units) from Hadden Construction Limited. The feasibility costs obtained are considered to represent best value and, subject to benchmarking against the appropriate SPA framework rates, it is proposed that a final tender price be agreed to allow the contract award.
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3. Equality and Diversity

3.1 Fairer Scotland Duty

The Councils 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 conducted for the delivery of additional housing stock via the New Supply Team and the contribution to Local Housing Strategy, Strategic Housing Outcomes.

4. Implications

4.1 Financial Impact

The funding for all of the projects referred to in this report can be met from the Housing Revenue Account budget for the New Build Programme. Grant support is also provided by the Scottish Government. The costs associated with contract delivery will be contained within the New Supply budget. Each project value is listed below.

Final Tender Price

- Robert Street, Wishaw - £3,099,186.27 including contingency
- Caledonian Avenue, Bellshill - £4,775,615.31 including contingency

Feasibility Costs

- Lindsaybeg Road, Chryston - £4.10M including contingency
- Northburn Avenue, Airdrie - £6.05M including contingency

Savings

For the projects at Robert Street, Wishaw, Lindsaybeg Road, Chryston, Northburn Avenue, Airdrie and Caledonian Avenue, Bellshill, the contract awards are required to deliver new build social housing. Delivery of contracts associated with these projects

are not envisaged to deliver specific cashable savings to the Council however they will improve the housing stock of the Council. Any cashable savings that are subsequently achieved on contracts associated with these projects shall be re-invested within the New Supply programme.

Price Stability

For the projects at Robert Street, Wishaw, Lindsaybeg Road, Chryston, Northburn Avenue, Airdrie, and Caledonian Avenue, Bellshill, the contract awards are fixed price lump sum contracts and prices do not require to be adjusted for inflation. Each project contains a contingency allowance to allow for unforeseen costs to be accommodated within the budget.

4.2 HR/Policy/Legislative Impact

Community Benefits

The Council is committed to maximising the delivery of community benefits. The procurements undertaken to enable contracts awards detailed within this report included a community benefit requirement. This approach is designed to deliver local community benefits where possible. The successful Tenderers have committed to delivering a range of community benefits. These are detailed in each table below;

Robert Street, Wishaw

Outcome	No of Outcomes Offered
New Sustainable Jobs for entrants from Key Priority Groups	2
Work Experience Placement (16+ Years of Age)	4
Careers Event	3
Supply Chain briefing with SME's	1

The community benefits that will be delivered specifically include the creation of two jobs but no apprenticeships.

Caledonian Avenue, Bellshill

Outcome	No of Outcomes Offered
New Sustainable Jobs for entrants from Key Priority Groups	2
Work Experience Placement (16+ Years of Age)	3
Site Visit by local school children	2
Financial Support for a Community Project (minimum of £1000 per outcome offered)	3

The community benefits that will be delivered specifically include the creation of two jobs but no apprenticeships.

Lindsaybeg Road, Chryston

For the project at Lindsaybeg Road, Chryston, the full package of community benefits will be confirmed when the tender return is received and evaluated.

Northburn Avenue, Airdrie

For the project at Northburn Avenue, Airdrie, the full package of community benefits will be confirmed when the tender return is received and evaluated.

Fair Work Practices

The contractors recommended for contract award have demonstrated commitment to fair working practices including, paying above the Living Wage, prompt payment to their supply chain, flexible work practices, no zero-hour contracts, work-life balance arrangements, training and development policy with career advancement options, promotion of equality in the workplace and encourage workforce engagement.

Equalities

The procurement procedures undertaken excluded any Tenderer where a complaint had been upheld after investigation by the Equality and Human Rights commission or its predecessors and a failure to take remedial action.

4.3 Environmental Impact

The contract awards detailed within this report 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 New Supply 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.

4.5 Contract Award during Covid-19 Restrictions

The Contracts will be awarded in accordance with the Council's Contract Standing Orders whilst legal and procurement advice will be sought and adhered to with regards to commencing the Contract whilst Covid-19 restrictions are in place or being

withdrawn. Risks of awarding the Contract during the current restrictions will be identified and mitigated where possible.

Furthermore, the Council may develop a Contract mobilisation plan with the successful Tenderer which shall take cognisance of the current restrictions and set out a plan to commence the Contract on site when safe to do so

5. Measures of success

The contract awards detailed within this report will deliver the following outcomes;

- a. The appointment of Contractors who have the experience and capability to deliver new build social housing;
 - b. The procurement procedure is compliant with the procurement legislation and internal procedures;
 - c. That best value is both demonstrable and achieved;
 - d. That the Contract secures a range of community benefits;
 - e. That the Contract supports payment of the real Living Wage to staff employed in the delivery of the Contract;
 - f. That the Contract performance is proactively managed against a number of Key Performance Indicators.
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6. Supporting Documents

Appendix 1	Summary of New Build Programme
Appendix 2	Summary of Procurement Procedures
Appendix 3	SME Status of all Tenderers



Pamela Humphries
Head of Planning and Regeneration

Appendix 1 – New Build Sites – as at 20 May 2020

Area	Location	Units	Comments
Holytown	Main St	10	Completed - Amenity
Holytown	Spruce Way	10	Completed
Motherwell	Ravenscraig	18	Completed (off the shelf)
Airdrie	Clarkston PS	19	Completed
Millerston	Coshneuk Rd	11	Completed - Amenity
Cumbernauld	North Rd	29	Completed
Wishaw	Cambusnethan PS	20	Completed - Amenity
Viewpark	Laburnum Rd	40	Completed
Moodiesburn	Gartferry Road	50	Completed
Cumbernauld	Westfield Drive,	30	Completed
Airdrie	Albert PS	14	Completed
Chryston	Lanrig Rd	27	Completed - Amenity
Coatbridge	Corsewall St	14	Completed
Bellshill	Belvidere PS	20	Completed
Kilsyth	Fisher Ave	30	Completed
Chryston	Old Lindsaybeg Rd	14	Completed (off the shelf)
Motherwell	Glencairn Tower site	25	Completed
Viewpark	Former Tannochside PS,	16	Completed
Wishaw	Walkerburn Dr, Coltness	20	Completed
Cumbernauld	Cardowan Drive	30	Completed
Cumbernauld	Former Kildrum Nursery	16	Completed
Chryston	Station Rd	30	Completed (off the shelf)
Chapelhall	Former St Aloysius PS	30	Completed
Cumbernauld	Brown Road	20	Completed
New Stevenston	Former New Stevenston PS	15	Completed
Chryston	Greenlea Road	21	Completed
Coatbridge	Old School Court	20	Completed
Airdrie	Former Alexandra PS	14	Completed
Harthill	Former Harthill PS	20	Completed
Coatbridge	Blair Road	40	Completed
Motherwell	Cleekhimmin, Ravenscraig	10	Completed (off the shelf)
Motherwell	Calder PS	30	Completed
Gartcosh	Inchnock Ave (Bellway)	16	Completed (off the shelf)
Cumbernauld	Former Cedar Road Nursery	14	Completed

Chryston	Main St (Bellway)	18	Completed (off the shelf)
Wishaw	Meadowhead Rd, Ravenscraig	11	Completed (off the shelf)
Sub total		772	Completed
Coatbridge	St James PS / Lismore Drive	58	On Site - Works suspended due to Covid 19
Wishaw	Dimsdale	61	On Site - Works suspended due to Covid 19
Bellshill	Caledonian Avenue	27	On Site - Works suspended due to Covid 19
Sub Total		146	On Site
Cumbernauld	Community Growth Area	50	Design development
Chryston	Chilterns Care Home	21	Planning app approved
Glenboig	Marnoch (CGA)	30	Design development
Coatbridge	Berwick St	19	Planning app approved
Bellshill	Community Road	29	Planning app approved
Wishaw	Roberts Street	16	Planning app approved
Motherwell	Mabel Street	20	Planning app approved
Plains	Former Plains PS	16	Planning app approved
Waterloo	Mossburn St	20	Planning app approved
Glenmavis	McArthur Ave	22	Design development
Coatbridge	Former Columba High School	130	Design development
Viewpark	Laburnum Rd	26	Planning app submitted
Sub Total		399	design development
Airdrie	Northburn Place	31	Planning app approved
Airdrie	Dykehead Rd, Holehills, Airdrie	150	Re-provisioning site
Coatbridge	Shawhead	111	Re-provisioning site
Wishaw	Gowkthrapple (Ph1)	100	Re-Provisioning site
Coatbridge	Dunbeth	170	Re-provisioning site
Motherwell	Coursington	60	Re-provisioning site
Sub total		622	Re-provisioning sites
Moodiesburn	Avenuehead Road	40	Potential Off the shelf
Chryston	Gartferry Road	22	Potential Off the shelf
Sub total		62	Future off the shelf
Total		2001	

Appendix 2 Summary of Procurement Procedures

Construction of New Build Social Housing at Belhaven House, Roberts Street, Wishaw

Procurement Title	Contractor Design and Construction of New Build Social Housing at Belhaven House, Roberts Street, Wishaw			
Estimated contract start date	1 September 2020 - 1 November 2021			
Initial Contract Period	14 Months			
Contract Defects Period	12 Months			
Estimated Total Contract value	£3,099,186.27 (£2,849,186.27 + £250,000.00)			
Contract Reference Number	NLC-CPT-18-446			
Contract Notice Reference	Not Applicable			
Date Contract Notice Published	Not Applicable			
Governing UK Regulation	Public Procurement Regulations (Scotland) 2015			
Procurement Procedure	Direct Award from a 3 rd Party Framework			
Evaluation approach adopted	Not Applicable			
Interest List – number of Contractors that downloaded the procurement documents from the procurement portal	N/A			
Number of selection stage documents received	N/A			
Number of Contractors invited to tender	1			
Number of tenders received	1			
Number of non-compliant tenders	0			
Number of compliant tenders	1			
Number of recommended contractors	1			
Basis of contract award	Quality	70%	Price	30%
Evaluation team names and job titles of Evaluators and their role in evaluation	Growth and Investment New Supply			

Contractor Design and Construction of New Build Social Housing at Caledonian Avenue, Bellshill

Procurement Title	Contractor Design and Construction of New Build Social Housing at Caledonian Avenue, Bellshill			
Contract Programme	25 November 2019 – 16 November 2020			
Initial Contract Period	12 Months			
Contract Defects Period	12 Months			
Estimated Total Contract value	£4,775,615.31 (£4,548,205.068 + £227,410.25)			
Contract Reference Number	NLC-CPT-19-098			
Contract Notice Reference	Not Applicable			
Date Contract Notice Published	Not Applicable			
Governing UK Regulation	Public Procurement Regulations (Scotland) 2015			
Procurement Procedure	Direct Award from a 3 rd Party Framework			
Evaluation approach adopted	Not Applicable			
Interest List – number of Contractors that downloaded the procurement documents from the procurement portal	N/A			
Number of selection stage documents received	N/A			
Number of Contractors invited to tender	1			
Number of tenders received	1			
Number of non-compliant tenders	0			
Number of compliant tenders	1			
Number of recommended contractors	1			
Basis of contract award	Quality	75%	Price	25%
Evaluation team	Growth and Investment New Supply			

- No contract award information is available for Lindsaybeg Road, Chryston or Northburn Avenue, Airdrie. The tenders are currently at feasibility cost stage progressing via Direct Award. Committee will be further updated when information is available.

Appendix 3 SME Status of all Tenderers

Project	Tenderers Name	Size of Tendering Organisation (Micro, Small, Medium or Large)	Location (Local Authority / Council Area)
Caledonian Avenue, Bellshill	CCG Ltd	Large	Glasgow City
Robert Street, Wishaw	Hadden Construction Ltd	Large	Perth and Kinross
Lindsaybeg Road, Chryston	Hadden Construction Ltd	Large	Perth and Kinross
Northburn Avenue, Airdrie	Hadden Construction Ltd	Large	Perth and Kinross