

North Lanarkshire Council

Report

Housing and Regeneration Committee

approval noting

Ref PH/TM

Date 25/11/20

New Supply Programme – 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 activity with the Scottish Procurement Alliance (SPA) and Scotland Excel to potentially deliver the new build sites approved by the Committee and to note 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.

Recommendations

It is recommended that the Committee:

- 1) Agree to the commencement of procurement activity with the Scottish Procurement Alliance (SPA) and with Scotland Excel to potentially deliver the next phase new build housing sites.
- 2) Note that the outcome of the procurement with SPA and Scotland Excel and approval of costs would be subject to approval by a future report to committee
- 3) Note 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 £4,178,545.60, including contingency allowance.

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.
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2. Report

- 2.1 It is intended to progress with procurement activity utilising the most appropriate SPA housing construction framework and the new build framework agreement through Scotland Excel for the next phase of the new build programme, comprising approximately 170 units over 8 sites. The procurement route for each site would be subject to a Sourcing Methodology Option Appraisal.
- 2.2 The new build sites to be included in the next phase of the new build programme are as follows:
- Glenacre Drive, Airdrie – approximately 15 units.
 - Gibb Street, Chapelhall – approximately 40 units.
 - Graham Street, Wishaw – approximately 18 units.
 - Former Cumbernauld Village PS, Glasgow Road, Cumbernauld Village – approximately 8 units.
 - Former Police Station, Main Street, Glenboig – approximately 6 units including specialist wheelchair provision.
 - YMCA and Brandon Street, Motherwell (town centre project) – approximately 49 units.
 - King Street, Wishaw (town centre project) – approximately 16 units.
 - Former BRE site, Ravenscraig – approximately 24 units. (Subject to approval at this committee).
- 2.3 Following approval at the May 2020 Housing and Regeneration Committee of the feasibility costs obtained for the construction of twenty one units of new build housing at the former Chilterns House, Lindsaybeg Road, Chryston a final tender price was agreed to allow the contract award. The award of a call off contract will be made to Hadden Construction Ltd (subject to the amended Covid contract clauses being agreed with Haddens Construction Ltd). The revised sum is four million, one hundred and seventy eight thousand five hundred and forty five pounds sixty pence (£4,178,545.60), including a contingency allowance of £209,051.39. The works are expected to commence on site in January 2021 subject to the contractor obtaining the statutory consents and Covid-19 restrictions.

3. Equality and Diversity

3.1 Fairer Scotland Duty

The Council's 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

- Lindsaybeg Road, Chryston - £4,178,545.60 including contingency

Savings

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

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;

Lindsaybeg Road, Chryston

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

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.

6. Supporting Documents

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| Appendix 1 | Summary of Procurement Procedures |
| Appendix 2 | SME Status and Location of all Tenderers |



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Appendix 1 Summary of Procurement Procedures

Construction of New Build Social Housing at Lindsaybeg Road, Chryston,

Procurement Title	Contractor Design and Construction of New Build Social Housing at Chilterns HFE, Lindsaybeg Road, Chryston			
Estimated contract start date	18 January 2021 – 15 April 2022			
Initial Contract Period	16 Months			
Contract Defects Period	12 Months			
Estimated Total Contract value	£4,178,545.60 (£3,969,494.21 + £209,051.39)			
Contract Reference Number	CPT-ML-HP-18-445			
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	New Supply			

Appendix 2 SME Status and Location of all Tenderers

Project	Tenderers Name	Size of Tendering Organisation (Micro, Small, Medium or Large)	Location (Local Authority / Council Area)
Lindsaybeg Road, Chryston	Hadden Construction Ltd	Large	Perth and Kinross