

Brighton & Hove City Council

Housing Committee

Agenda Item 14

Subject: New Homes for Neighbourhoods Frederick Street - Procurement of Contractor

Date of meeting: 22 June 2022

Report of: Executive Director Housing, Neighbourhoods and Communities

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Ward(s) affected: St Peter's & North Laine

For general release

1. Purpose of the report and policy context

- 1.1 Achieving 800 additional council homes is a key priority in the Housing Committee Work Plan. The proposed development on Frederick Street will deliver four new council homes toward meeting this priority. In September 2019, Housing Committee approved the scheme of new council homes at Frederick Street and in January 2021 approved delegated authority to the Executive Director for Neighbourhoods, Communities and Housing to procure and award a contract for construction through an open procurement process.
- 1.2 This report provides an update on the outcome of that procurement process, the reasons why the open tender route was unsuccessful and how we have been able to procure a contractor through an existing framework.
- 1.3 Committee is asked to approve the recommendation below because the original Procurement report specifically recommended the open tender route, and this has been exhausted. Fresh authority is sought, prior to the award of a contract, for procurement via the framework route.

2. Recommendations

- 2.1 That Committee delegates authority to the Executive Director for Housing, Neighbourhoods and Communities to procure and award a contract for construction through an existing framework process.

3. Context and background information

- 3.1 The Frederick Street scheme is a small development of four new council homes on a tight infill site, financed by a combination of HRA borrowing, right to buy receipts and Commuted Sums.
- 3.2 The scheme achieved planning in April 2020. The infill nature of the site has its own constraints and challenges. The site is deemed too small for the Strategic Construction Partnership. Two other procurement routes were considered – the Orbis Construction Framework and Open Tender.
- 3.3 The Procurement report to Committee in January 2021 outlined the advantages and disadvantages of each and recommended an open tender process. This route was chosen hoping to ensure several bids would be received and provide a comparison across the market.
- 3.4 Contractors were invited to submit a tender via Brighton and Hove City Council's online portal using the Open Tender procedure. The tender return date was 21 April 2021.
- 3.5 Only one tender was received. On review, the price submission exceeded the Pre-Tender Estimate by 18.89% and on quality lacked the depth of information needed to demonstrate the capability to undertake a project of this nature. The post tender report prepared by contract administrators Faithorn Farrell Timms LLP (FFT) concluded, taking price and the 60% quality weighting into account, the tender did not demonstrate value for money and recommended re-tendering.
- 3.6 The open tender process was unsuccessful, part due to the lack of interest in a small, complex infill site at a time when contractors are in demand and can be selective. The site was also tendered during a period of economic uncertainty resulting in some contractors feeling unable to deliver the project. Procurement reported some other open tenders were struggling to gain traction within the contractor market.
- 3.7 In response, and to progress the project post Planning consent, Procurement advised on a new Invitation to Tender via In-Tend published as a mini competition via an existing framework. The close of tender was 18 January 2022.
- 3.8 The re-tender has produced one submission, scoring significantly more highly than the first on both quality and cost. FFT recommend approving. The post tender report is being finalised and will require approval. The project remains within budget and construction works can start this year.

4. Analysis and consideration of alternative options

- 4.1 The site is deemed too small for the Strategic Construction Partnership; the Open Tender route was tried and unsuccessful.

5. Community engagement and consultation

- 5.1 Community consultation has been undertaken on the design proposals with residents via a drop in exhibition which fed into the design. No community engagement and consultation has been specifically undertaken in respect of the procurement route. Legal Services have been consulted and advise it is necessary to seek Committee's authority to procure via the framework route.

6. Conclusion

- 6.1 The development at Frederick Street is on track to start on site late Summer 2022 with the technical design stage completed and ready to progress to the construction phase. The open tender procurement route was tried and unsuccessful, it did not attract the level of interest from local contractors hoped for and did not produce a successful tender.
- 6.2 The re-tender via a framework has enabled us to procure a contractor. The Tender Evaluation Report (Reg 84) is being finalised. Committee is recommended to approve the necessary delegated authority to the Executive Director for Housing, Neighbourhoods and Communities to award a contract through an existing framework to progress the development.
- 6.3 Progressing the development on Frederick Street will deliver 4 much needed new council homes and contribute towards the target of 800 additional homes

7. Financial implications

- 7.1 There are no direct budgetary implications arising as a result of this report. The full scheme and budget approval was given at the September 2019 Housing Committee. The costs associated with the procurement will be met from already approved budget resources.
- 7.2 Currently there are no anticipated variations to the approved budget that needs to be reported. Any significant variations to the costs at Frederick Street will be reported in accordance with the council's standard financial procedures and reported through P&R.

Name of finance officer
consulted: Craig Garoghan

Date consulted: 17/05/22

8. Legal implications

- 8.1 Contract Standing Orders provide that before inviting expressions of interest from potential bidders for contracts valued above £500,000 approval should be obtained from the relevant Committee. This report seeks authority to seek to procure and award a contract for construction through an existing framework process.

Name of lawyer consulted: Liz Woodley

Date consulted: 18/05/22

9. Equalities implications

- 9.1 An Equalities Impact Assessment has been carried out for the New Homes for Neighbourhood programme and actions are built into the project management procedures. Homes will be allocated through the council's existing housing register.

10. Sustainability implications

- 10.1 The scheme has been designed to high sustainability standards, the measures included are installations of PV solar panels at rooftop level, air source heat pumps for each flat and inclusion of permeable surfaces to achieve betterments in run-offs in comparison to the existing site. It also incorporates higher energy efficiency standards and electric vehicle charging points in line with the new Building Regs Approved Documents in effect from 15 June.

11. Other Implications

Social Value and procurement implications

- 11.1 The procurement process via the framework route included a Quality question (weighting 10%) which specifically asked the organisation how it will demonstrate a commitment to social value and building community wealth. The successful tender commits to employ local people, including hiring a full-time site manager from the local area, advertising other vacancies locally and encouraging sub-contractors to do the same. It commits to sourcing supplies and materials through existing contacts with local suppliers and inviting local companies to join its supplier data base for this and other projects. The organization currently has 5 apprenticeships which include studying for site management, Quality Surveyor, and construction management qualifications; 2 of the apprentices were involved in this tender. The tender evaluation process ensures the BHCC requirement is met, and the tender provides a satisfactory level of detail and information for this project.

Crime & disorder implications:

- 11.2 Redevelopment of the site will assist with low-level issues regarding anti-social behaviour in the existing car park. Any delay in award of contract risks delay in bringing the development forward and improving the site.

Public health implications:

- 11.3 There are strong links between improving housing, providing new affordable homes and reducing health inequalities. Energy efficient homes which are easier and cheaper to heat are likely to have a positive influence on the health of occupants of the new homes

Supporting Documentation: None