

Report of Environment & Housing and PPPU

Report to Director of Environment & Housing

Date: 17 December 2014

Subject: Procurement strategy for the Delivery of Schemes within the New Build Council Housing Programme

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Armley, Beeston and Holbeck, Bramley and Stanningley, Cross Gates and Whinmoor, Gipton and Harehills, Otley and Yeadon.		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: Appendix number:		

Summary of main issues

This report sets out the recommended procurement strategy for the delivery of 3 schemes within New Build Council Housing Growth Programme for the period 2015-18. The current programme covers the following nine sites across Leeds with a combined value of £37m funded via the HRA.

1. East Park Road
2. Haworth Court Extra Care Scheme
3. Squinting Cat
4. The Garnets
5. The Broadleas
6. Whinmoor Pub
7. Beech Walk & Beech Mount
8. Mistress Lane
9. Town Street

The first three sites in the programme (East Park Road, Haworth Court and the former Squinting Cat pub site) are not included in this paper. The East Park Road and the Haworth Court Extra Care Scheme were the subject of previous reports approved in January 2014 and July 2014 respectively, and a separate report is being submitted for the former Squinting Cat scheme

A procurement strategy for the schemes numbered 4 to 9 above was reviewed by the Council Housing Growth Programme Board on 24 November 2014, by the Elected Members Steering Group on 12 December 2014 and is supported by the Chief Procurement Officer. This report seeks approval for the procurement strategy to deliver 71 new units on The Garnets, The Broadleas and the Whinmoor Pub site in line with Contract Procedure Rules 3.1.8.

The detailed proposals for the last three sites in the current programme (Beech Walk & Beech Mount, Mistress Lane and Town Street) are not included in this paper, but will be subject to separate reports to be submitted in early 2015.

Recommendations

It is recommended that the Director of Environment and Housing:

1. Approves the decision to procure a partner using the two stage competitive process via the YORbuild framework to deliver new council housing on The Garnets, The Broadleas and the Whinmoor Pub sites.
2. Notes the intention to undertake a bespoke procurement exercise with a pre-selected list of specialist housing providers for the Beech Walk/Beech Mount site which will be subject to a further report and will include a request to waive the Council's CPRs.
3. Notes the intention to undertake a procurement exercise for the design of the Mistress Lane site and a separate procurement exercise to select a construction contractor. The procurement routes for both the Designer and Contractor are still to be agreed and will be subject to a further report.
4. Notes the intention to procure a contractor using a design and build single stage competitive tender (using the YORbuild framework or the Constructionline Approved Supplier List) to deliver new council housing on the Town Street site which will be subject to a further report.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval for the procurement strategy to deliver 71 new units across the three sites at The Garnets, The Broadleas and Whinmoor Pub in line with Contract Procedure Rule (CPR) 3.1.8 which requires that a decision to undertake procurement is taken at the point the procurement route is chosen. The procurement strategy is set out below. Approval by the Director of Environment and Housing is required to enable procurement to progress as set out within this report.

2 Background information

- 2.1 On 25 June 2014, Executive Board injected a further £20.194m into the Council Housing Growth Programme and granted authority to spend £30.12m. This granted authority to spend for The Garnets, The Broadleas and the Whinmoor Pub sites.
- 2.2 The detailed development of the investment programme was delegated by Executive Board to the Directors of City Development (in respect of land use) and Environment and Housing (in respect of programme and scheme details and cost). The sites, with the exception of Town Street, formed part of a successful funding bid for a grant contribution from the Homes and Communities Agency which established the broad unit outputs required, estimated scheme costs and the delivery timescale.
- 2.3 The first three sites in this programme are not included in this report; a contractor has already been appointed for the East Park Road scheme, procurement of the Works Contractor has commenced for the Haworth Court scheme and approval is being sought separately to procure the new units on the Squinting Cat site which will be managed as a separate procurement exercise using the YORbuild framework.

- 2.4 The detailed proposals for the last three sites in the current programme (Beech Walk & Beech Mount, Mistress Lane and Town Street) are not included in this paper, but will be subject to separate reports to be submitted in early 2015.
- 2.5 This procurement strategy has been developed to meet the key programme drivers which include; providing quality homes built in line with the Leeds Standard, achieving a high level of build quality and energy efficiency, and to maximise opportunities for providing employment and training.
- 2.6 This procurement strategy includes the three sites below.

Site	Location	No. of units	Value	Proposed start on site date
The Garnets	Beeston	25	£3.6m	April 2015
The Broadleas	Bramley	24	£4.5m	April 2015
Whinmoor Pub	Whinmoor	22	£2.6m	August 2015
Total		71	£10.7m	

- 2.7 The Leeds Standard will be utilised in the tender process for all future developments to ensure high space and sustainability standards are provided through this programme. An output based specification reflecting the Leeds Standard is to be developed which will set out the standards and quality requirements to be met by these schemes.

3 Main issues

3.1 Overview of Procurement Options

- 3.1.1 In developing this strategy, a number of procurement options were considered as follows:

- Continue with separate procurements for each of the sites through Council approved frameworks (YORBuild or Constructionline);
- Bundling of sites and then undertaking a single procurement through Council approved frameworks;
- Developing a partnering arrangement through existing Council approved frameworks; and
- Undertaking a bespoke procurement to secure specialist designers with expertise in Council Housing and the requirements for good urban design and energy efficiency.
- Undertake a bespoke procurement to secure a specialist design and build contractor with expertise in Council Housing and the requirements for good urban design and energy efficiency.

3.2 Procurement Strategy

- 3.2.1 The Council House Growth Programme Board reviewed the options on 24 November 2014 and proposed the following strategy for the remainder of the programme;

- deliver the 3 sites identified in this report through a partnering arrangement;
- develop a bespoke procurement strategy to secure a specialist designer, and a specialist design and build contractor, to help meet the aspiration to deliver legacy/landmark schemes. This strategy will be subject to a further report.
- develop a procurement strategy to incentivise smaller local contractors to bid for the smallest scheme in the programme. This strategy will be subject to a further report.

3.2.2 The overall strategy is summarised in the table below.

Site	Procurement Route	Value
The Garnets The Broadleas Whinmoor Pub	Partnership arrangement established with a single contractor procured via the YORBuild framework	£10.7m
Beech Walk Beech Mount	Bespoke procurement of a Specialist Design & Build Contractor	£3.2m
Mistress Lane	Bespoke Procurement of Specialist Designer. Works Contractor to be procured separately	£10.4m
Town Street	A single procurement designed to incentivise the use a small local contractor through YORBuild or Constructionline	TBC

3.2.3 At this stage, approval is being sought to commence the partnership procurement. Separate approval will be sought for the Beech Walk/Beech Mount, Mistress Lane and the Town Street procurements.

3.2.4 Discussions are taking place between the Housing Growth Team and PPPU to determine whether the works contract for the Mistress Lane site (approximate value £9.36m) will be included in the partnership arrangement. The agreed procurement route for this site will be subject to a further report.

Partnership

3.2.5 The partnering arrangement will allow a significant portion of the programme to be delivered through a single procurement exercise, and whilst each individual site will be let to the partner as a discrete contract the arrangement will provide benefits through economies of scale, contractor and supply chain engagement, improved risk management, transferable lessons learned and improved outcomes in terms of meeting the requirements/objectives of the Leeds Standard, improving build quality, increasing value for money and will also provide the opportunity to maximise the training and employment opportunities.

3.2.6 The partner will be procured via a two stage process through the YORBuild framework, which is the Council's default framework for new build work. The HCA Development Partner Framework (DPP) framework was not considered in any detail as the YORBuild framework meets the needs of this procurement. The procurement process will commence in January 2015 to enable a partner to be selected by April 2015 and contracts for individual schemes to be let according to the programme agreed with the partner. The partner will be appointed to deliver projects on a design and build / develop and construct basis with the amount of design work to be undertaken by the partner determined by the progress made by the Client design team prior to the partner's appointment.

3.2.7 The market sounding conducted by the Council earlier this year indicated a strong preference by the contractors for a partnering route for this programme. This was further confirmed in the feedback sessions carried out with the contractors after the East Park Road contract was let. This is validated by the fact that the current buoyancy in the construction industry means that contractors are able to be more selective on the schemes they bid for and the Council is experiencing limited interest on low value, single stage competitively tendered schemes.

- 3.2.8 The use of the YORBuild framework is deemed the most efficient method of procurement in terms of timescales and resources. The alternative method would be to carry out a specific procurement exercise via OJEU, but this is estimated to take at least 2-3 months longer than via a framework and involve higher procurement resource and cost.
- 3.2.9 The YORbuild framework provides a procurement route for public sector bodies within the Yorkshire and Humber region and formal approval is in place for its use. The framework under the two stage tender route provides an integrated team of client, design team and contractors leading to more efficient design and construction, as well as added value from bespoke Employment and Skills plans and use of regional contractors and supply chains. Contractors across all the lots will be approached by the YORbuild framework manager to determine whether they would be interested in tendering for this scheme.

3.3 Procurement Evaluation Criteria

- 3.3.1 To enable a sufficiently robust mechanism for the evaluation of tenders, the evaluation criteria will be established based on the YORbuild standard format and the developed criteria including the price/quality split will be presented for approval in accordance with the CPRs.

4. **Corporate Considerations**

4.1 **Consultation and Engagement**

- 4.1.1 To support the delivery of the programme, the Housing Growth team engages with local members on a site by site basis at the following points in the procurement process:
- Feasibility (RIBA Stage 1) – Consultation on the type of accommodation, access plan, and massing.
 - Outline planning for Whinmoor Pub – Consultation prior to the application being submitted.
 - Design brief (RIBA Stage 2 - vision and scope of development) – Local members will be asked to review and sign off the design brief.
 - Design development – Site specific briefings will be arranged with the selected partner.
 - Contract award – Briefings will be held to inform local members about the decision.
 - Start on site – Local members will be informed of the start on site date.
- 4.1.2 A communication strategy for the Council Housing Growth Programme is being developed which outlines the process for consulting and engaging with key stakeholders in relation to individual schemes and which will be applied to all the new build schemes delivered under the programme.

4.2 **Equality and Diversity / Cohesion and Integration**

- 4.2.1 An Equality Impact Screening has been undertaken for the Council Housing Growth Programme and has determined that the proposals have a positive impact in terms of Equality and Diversity and that a full assessment is not required.

4.3 **Council policies and City Priorities**

- 4.3.1 The development of new council housing will address priorities within the City Priority Plan to provide additional affordable housing and to support housing growth.

4.4 Resources and value for money

- 4.4.1 On 25 June 2014, Executive Board injected a further £20.194m into the Council Housing Growth Programme and granted authority to spend £30.12m. This granted authority to spend for The Garnets, The Broadleas and the Whinmoor Pub sites.
- 4.4.2 The programme and budget is managed through the Housing Growth Team in conjunction with Corporate Resources and Environment and Housing finance teams.

4.5 Revenue Effects

- 4.5.1 There are no revenue implications associated with this report.

4.6 Legal Implications, Access to Information and Call In

- 4.6.1 There are no known legal obligations associated with this report other than the risks set out in paragraph 4.7 below.

4.7 Risk Management

- 4.7.1 The delivery of the New Build Council Housing Programme is managed by the Housing Growth Team. The team manages a risk log for the programme which is reviewed by the Council Housing Growth Programme Board on a monthly basis.
- 4.7.2 The Housing Growth team will hold a joint workshop with PPPU to identify any risks specifically related to the procurement strategy. Any high or very high risks will be reported to the Programme Board so that the mitigating action can be reviewed.
- 4.7.3 Once selected, the partner will work with the Council to finalise the designs and the construction proposals for the first two schemes (The Garnets and The Broadleas), then develop proposals for the Whinmoor Pub scheme. If a decision is taken to include the Mistress Lane works contract in the partnership, this will also be issued to the partner. Whilst the Council will have no obligation to award the later scheme to the partner, there is a risk that the partner may choose not to accept it. However, this risk is low because the partner is likely to want the ongoing opportunity.

5 Conclusions

- 5.1 The proposed procurement strategy will provide benefits through economies of scale contractor and supply chain engagement, improved risk management, transferable lessons learned and improved outcomes in terms of meeting the requirements / objectives of the Leeds Standard, improving build quality, increasing value for money and will also provide the opportunity to maximise the training and employment opportunities
- 5.2 Bespoke procurements for specialist designers and a specialist design and build contractor would help to meet the aspiration engaging specialist housing providers to deliver legacy/landmark schemes and will be subject to further reports.

6 Recommendations

- 6.1 It is recommended that the Director of Environment and Housing:
 - 1. Approves the decision to procure a partner using the two stage competitive process via the YORbuild framework to deliver new council housing on The Garnets, The Broadleas and the Whinmoor Pub sites.

2. Notes the intention to undertake a bespoke procurement exercise with a pre-selected list of specialist housing providers for the Beech Walk/Beech Mount site which will be subject to a further report and will include a request to waive the Council's CPRs.
3. Notes the intention to undertake a procurement exercise for the design of the Mistress Lane site and a separate procurement exercise to select a construction contractor. The procurement routes for both the Designer and Contractor are still to be agreed and will be subject to a further report.
4. Notes the intention to procure a contractor using a design and build single stage competitive tender (using the YORbuild framework or the Constructionline Approved Supplier List) to deliver new council housing on the Town Street site which will be subject to a further report.

7 Background documents

None

8 Appendices

None