

Report of: Housing Growth Team

Report to: Director of Environment & Housing

Date: 24th August 2016

Subject: Council House Growth Programme: Award of the construction contract to deliver new council homes at Garnet Grove

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): City and Hunslet,		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" 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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number: A – Confidential Stage Two Tender Report		
Appendix A and C to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.		

Summary of main issues

The development at Garnet Grove is one of three sites to be delivered under the Council Housing Growth Programme as part of a bundled procurement approach using a two stage competitive process via the YORbuild Framework.

In November 2015, Kier Construction Ltd were selected as the Stage One Appointee to develop an agreed price and design for each site. The three sites are being developed separately and each will be awarded a separate contract.

This report is for the Garnet Grove site which is the second of the three schemes in the bundle to be developed. Separate reports will be submitted for the other two sites.

The tender price for the scheme is £3,687,640.79. Kier Construction Ltd have developed an agreed price and design for Garnet Grove and on 4th August 2016

2016, they submitted a Stage Two tender via YORtender. This has been evaluated and meets the council's requirements for the scheme.

Recommendations

It is recommended that the Director of Environment and Housing approves:

The award of a design and build contract for the construction of 25 new council homes at Garnet Grove to Kier Construction Ltd, in the sum of £3,687,640.79, enabling a contract start date of 7th September 2016 and a site access date of 3rd October 2016 with a completion date of 29th September 2017.

1.0 Purpose of this report

- 1.1 The purpose of this report is to seek approval to award Kier Construction Ltd a design and build contract for the construction of 25 new council homes at Garnet Grove following a two stage procurement process.

2.0 Background information

- 2.1 Garnet Grove is one of a number of sites being developed under the Council Housing Growth Programme (CHGP) which was approved at Executive Board on 9th January and 17th July 2013.
- 2.3 Approval under CPR 3.1.8 to procure a framework contractor using a two stage competitive process via the YORbuild framework for the three sites was given by the Director of Environment and Housing via DDN on 17 December 2014.
- 2.4 NPS Leeds was commissioned to undertake design works up to RIBA Stage 3 for Garnet Grove. Planning approval to deliver 25 new council homes was awarded in October 2015.
- 2.5 In November 2015 Kier Construction Ltd were appointed through the Stage One tender process to develop the cost and design for each site. Kier Construction Ltd has worked in partnership with the Council and NPS (Technical Advisors and Quantity Surveyor) via a process of regular progress review meetings and a formal Mid-Way Review Meeting, utilising an open book pricing approach, to develop an agreed cost and design for Garnet Grove and on 3rd August 2016 the Council invited them to submit a Stage Two tender for the site.

3.0 Main issues

- 3.1 Kier Construction Ltd has submitted a Stage Two tender for Garnet Grove in line with the two stage procurement process.
- 3.2 An output specification has been developed by NPS with the input of the Housing Growth Team, Project Programmes and Procurement Unit (PPPU) and Housing Leeds and formed part of the Stage One tender documentation. This set out the quality requirements to be met by the Stage One Appointee

reflecting the established Leeds Standard to which all new council housing will be built.

- 3.3 Kier Construction Ltd's formal Stage Two tender has been assessed by the evaluation team which consists of the Housing Growth Team, PPPU Technical Manager and NPS's Senior Architect and QS. This Stage Two tender assessment process was overseen by PPPU. An Officer from Employment and Skills has assessed Kier Construction Ltd's Employment and Skills Plan and Method Statement.
- 3.4 NPS has reviewed the technical and financial submission and is satisfied that both reflect the council's requirements.
- 3.5 A works contract (NEC3 Engineering and Construction Contract Option A) will be awarded to Kier Construction Ltd based on the price and design submitted by Kier within their Stage Two tender. The contractor will then complete the design and construct the Scheme.

Cost

- 3.6 Kier Construction Ltd has developed the price for the Garnets Scheme using the rates submitted in competition as part of their Stage One tender.
- 3.7 The tender price is £3,687,640.79. This price was assessed by the NPS QS against Kier's original stage one tender as well as against the last cost estimate prepared by NPS. The stage 2 tender price is within 0.48% of the Stage 1 tender submission of £3,669,830.45 and within 2.51% of the last cost estimate of £3782,801.00 prepared by NPS (exclusive of design fees and charges). 'Confidential Appendix A - Tender Report - Price Adjustments' serves to track the changes in cost from the Stage 1 tender submission to the stage 2 tender price submission to reflect design changes identified through a comprehensive process of review, technical checks, design coordination and cost analysis between NPS and Kier Construction or as a result of planning requirements.
- 3.8 NPS have confirmed that the tender price submitted by Kier is arithmetically correct and having undertaken the necessary checks is satisfied that the costs reflect the specification.

Programme

- 3.9 Within the Stage One tender submissions, tenderers were required to confirm that they could achieve completion and handover of all three schemes to the Council by 31 October 2017.
- 3.10 The completion date in the contract will be 29th September 2017 which is within the required timescales above. Under the post contract management process the programme will be regularly reviewed by NPS to ensure delivery within the required timescales.

4.0 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Council Housing Growth Programme has an established 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.
- 4.1.2 Regular updates on progress across the whole programme are presented at Council Housing Growth Programme Board, Housing Growth Board and the Elected Members Steering Group.
- 4.1.3 The Housing Growth Team have regularly briefed Local Ward Members on scheme proposals at key stages of the programme. The Housing Growth Team and Kier Construction Ltd will continue to engage with Members by facilitating ‘meet the contractor sessions’ and providing regular updates during the construction programme.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An equality screening has been undertaken and the main outcomes of the screening were that the delivery of affordable housing through this programme will have positive impact in terms of Equality and Diversity and that a full assessment is not required. The screening form is attached at Appendix B to this report.

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 support housing growth. The development will contribute to the delivery of one of the Council’s Breakthrough Projects, ‘Housing Growth and High Standards’.
- 4.3.2 The construction of new homes at Garnet Grove will help to create training and employment opportunities within the local community. It is a requirement of the YORbuild Framework to deliver outcomes relating to employment and training opportunities and the bundled procurement approach will enable employment and training opportunities to be maximised across the three sites.

4.4 Resources and value for money

- 4.4.1 The programme and budget is managed through the Housing Growth Team in conjunction with support from Corporate Resources and Environment and Housing Teams.
- 4.4.2 NPS has been commissioned to provide post contract services to deliver the scheme which includes cost control and contract management during the build programme.
- 4.4.3 A Contract Management Plan has been produced by the Housing Growth Team in liaison with PPPU to manage the delivery of the contract and is attached at Appendix C.

- 4.4.4 NPS have carried out an assessment of the Stage Two tender received via YORtender and consider that the tender price submitted by Kier Construction Ltd is competitive and recommend it be accepted.

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 PPPU has confirmed that they are satisfied that the procurement process has been conducted in line with the Council's Contract Procedure Rules.
- 4.6.2 The decision to award the build contract to deliver 25 new council homes at Garnet Grove, as part of a two stage procurement process, is considered a Significant Operational Decision, and is therefore not subject to Call In. The Project has been detailed on the future list of 'Key Decisions' and has not been subject to any 'call-in' requests.

4.7 Risk Management

- 4.7.1 The delivery of the New Build Council Housing Programme is managed by the Housing Growth Team who manage a programme risk log which is reviewed on a monthly basis. Any high or very high risks are reported to the Programme Board so that the mitigating actions can be reviewed.
- 4.7.2 A site specific risk log for the Garnet Grove Scheme has been established in partnership with Kier Construction Ltd for the management of risks throughout the build programme. The main risk to the scheme is that the street lighting design must be implemented before Kier can start to mobilise the site. NPS and Kier are liaising with the relevant companies to complete this work before the Access Date of 3 October and the Housing Growth Team are closely monitoring progress.
- 4.7.3 NPS will be commissioned to provide all technical post contract services, including cost control and contract management in relation to the NEC3 contract.

5.0 Conclusions

- 5.1 A procurement exercise has been undertaken by the Housing Growth Team, in conjunction with the Project, Programmes and Procurement Unit (PPPU) and on behalf of Housing Leeds, to procure a contractor via the YORbuild Framework utilising a Two Stage competitive process. In November 2015, Kier Construction Ltd were appointed as the successful contractor at Stage One and have developed the design and price throughout Stage Two in partnership with the Council and NPS. This appointment was subject to an earlier DDN which was approved by the Director of Environment & Housing in November 2015.
- 5.2 Kier Construction Ltd has submitted a Stage Two tender. The tender price of £3,687,640.79 has been assessed by NPS who have confirmed that it is arithmetically correct and reflects the specification.

- 5.3 A Works contracts (NEC ECC Option A) will be entered into with Kier Construction Ltd based on the price and design submitted by the Kier in their Stage Two tender.

6.0 Recommendations

It is recommended that the Director of Environment and Housing approves:

The award of a design and build contract for the construction of 25 new council homes at , Garnet Grove to Kier Construction Ltd, in the sum of £3,687,640.79, enabling a contract start date of 7th September 2016 and a site access date of 3rd October 2016 with a completion date of 29th September 2017.

7.0 Background documents¹

Appendix A –Tender Report (Confidential)

Appendix B – Equality, Diversity, Cohesion and Integration Screening

Appendix C – Draft Contract Management Plan (Confidential)

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.