



**Committee Name: Cabinet**

**Committee Date: 07/07/2021**

**Report Title: The award of a contract for the development of former Kings Arms Public House site at 100 Mile Cross Road**

<b>Portfolio:</b>	Deputy leader and social housing
<b>Report from:</b>	Executive director of development and city services
<b>Wards:</b>	Mile Cross
<b>OPEN PUBLIC ITEM</b>	

### **Purpose**

To award a contract for the development of the former Kings Arms Public House site at 100 Mile Cross Road.

### **Recommendation:**

To award the contract for the for the development of the former Kings Arms public House site at 100 Mile Cross Road and agree the final contract sum, subject to a maximum of the figures in the exempt appendix to follow.

### **Policy Framework**

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the *Great neighbourhoods, housing and environment corporate priority*

This report addresses *Great neighbourhoods, housing and environment* strategic action in the Corporate Plan

This report helps to meet the *Build and maintain a range of good quality affordable and social housing* adopted policy of the Council

This report helps to meet *Housing, regeneration and development* priority of the

## COVID-19 Recovery Plan

### Report Details

#### Background

1. The Former Kings Arms site at 100 Mile Cross Road has lain derelict and has been the focus of anti-social behaviour and fly tipping for a number of years. Following Cabinet approval in March 2020, a Compulsory Purchase Order (CPO) was sought, the legal process continued throughout 2020. In parallel with this, design work was undertaken with the objective of securing planning consent. Title for the site was vested with the council in December 2020, planning consent for 5 houses for the HRA was also granted in December 2020.
2. The housing design includes a “fabric first” approach to reducing energy use, and to ensure properties will be compliant with emerging standards for low-carbon heating and hot water. Properties are also designed to exceed national space standards and to be compliant with standards such as *Building for Life* and *Secured by Design*.
3. The council was also successful in acquiring the neighbouring property at 42 Glenmore Gardens, a former council home, sold under right to buy. The incorporation of part of the garden of this property will provide for a much better access and development of the former Kings Arms pub site. The dwelling and remaining garden will be retained as part of the council's stock.
4. In January 2021 work commenced on procurement of a project manager and development agent to lead the construction phase. In March 2021 Broadland Housing Association were appointed to the role and commenced work on preparation of the construction tender specification.

#### Procurement Process

5. The procurement exercise has been undertaken by the procurement team and Broadland Housing Association who are working on behalf of the council, to find a single supplier as a further competition under the Norfolk County Council Framework Reference NCCT41795 Major Construction Works, Lot 1.
6. The opportunity was advertised on the city council's e-tendering portal In-Tend on 28 April 2021 with a tender return date of 01 June 2021.
7. The tenders will be evaluated with a maximum of 70% of the available marks awarded for price and 30% of the marks awarded for quality criteria.
8. The tender evaluation is being led by Broadland Housing Association and their appointed subcontractor who are acting on behalf of council, and supported by the council's Growth & Development Coordinator and Chaplin Farrant Architects. Broadland Housing Association's sub-contractor are undertaking a commercial review of the tender returns and will issue tender tracking schedules to the contractors to ensure qualifications/clarifications are assessed as required.

9. The tender evaluation process will be complete before cabinet on 07 July and the winning supplier will be advised at the meeting by way of an exempt addendum. The item will be required to be exempt as the initial notification to award process to the successful supplier (subject to approval) will be within the 10-day standstill period. The contract will be awarded subject to consideration of the final contract sum as per the recommendation.

10. On the basis of the tenders received, we anticipate, subject to cabinet approval, to issue the official award after the call-in period in order to start on site in late August.

### Consultation

11. Previous consultation took place as part of the Planning and CPO phases of the project. Consultation was not relevant to procurement of a construction contractor.

### Implications

#### Financial and Resources

12. The financial implications are covered in the exempt appendix to this report.

#### Legal

13. The contract will be subject to standard JCT terms and conditions.

### Statutory Considerations

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	Neutral impact
Health, Social and Economic Impact	Positive impact – provision of high-quality affordable dwellings, one of which is a bungalow with a specification suitable for tenants with limited mobility
Crime and Disorder	Positive - Development of the former Kings Arms pub site removes a problem site and a focus of anti-social behaviour and fly tipping
Children and Adults Safeguarding	Neutral impact
Environmental Impact	Positive – delivery of 5 homes designed to high environmental (fabric first) standards, with no requirement for fossil fuel heating.  Houses are in a sustainable location close to cycle and bus links.

### Risk Management

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Risk that the supplier could fail during the life of the contract (L)	The works would not be completed and would not be completed to the timeline.	Under the framework employed, contractor accounts were audited and checks carried out. In addition, the council can undertake a <i>Dunn and Bradstreet</i> financial analysis upon appointment
Risk of cost inflation during the construction process (M-H)	Cost uncertainty and increased build costs could undermine project viability	Contract to be let as Design & Build JCT type at an agreed price.
Risk of poor quality construction / subcontracting (L)	Poor quality finishes to interior / exterior of properties	Plot passports created, specifying key design details
Risk of poor general construction quality (L)	Construction defects	Performance bond subject to retention by client if required
Programme delay (L)	Delayed delivery of housing to the client	Liquidated damages (including loss of NCC rent) to be included in the contract.
Neighbour disturbance (M)	Disruption due to construction, deliveries, closure of footpath (Glenmore Gardens-Mile Cross Rd)	Site management plan details substantial measures to limit disturbance. During the period when footpath closure is required, a diversion will be in place.
Piling works required on site due to ground conditions (L)	Risk that future defects in neighbouring properties could be blamed on construction on Kings Arms site	A condition survey of neighbouring properties will be undertaken prior to construction
Project management resource	The council has insufficient resource to cover project management / employer's agent activity.	Broadland Housing Association were appointed to fulfil PM/EA role.

### **Other Options Considered**

14. Do nothing: If the work is not carried out the site will remain undeveloped and subject to anti-social behaviour, and housing will not be delivered.
15. In house provision: Norwich City Council does not have any existing in-house provision for this work.
16. Joint venture provision: The service cannot currently be provided by any of the Councils current joint ventures or partnerships.
17. Identify a single supplier to award the contract to without competition: This route would be contrary to Contract Procedures as the value is circa £1.2m.
18. Establish competitively tendered contract with one supplier: Timescales did allow for the requirement to be fulfilled as a competitive procurement exercise advertised as an 'open' procedure to look for a single supplier to meet the council's requirements. However, as the Norfolk County Council Framework Reference NCCT41795 Major Construction Works, Lot 1 was already in existence, a further competition exercise was carried out between the seven suppliers under the framework which still promoted value for money.
19. Discussion took place in late 2020 as to the appropriate form of contract to employ in tendering construction. A traditional contract (in which Construction / Design / Management responsibilities remain with the principal designer) was considered. A traditional contract of this type involves the client bearing increased cost and design risk, albeit at a lower contract price.

#### **Reasons for the decision/recommendation**

20. Cabinet publicly committed to the CPO and subsequent development of the site in 2020, non-development of the site was not therefore a realistic option. In late 2020 the Housing Commissioning Board in consultation with the council's Section 151 officer expressed a preference for Design and Build. This will result in a modest increase in construction costs since under this scenario suppliers take responsibility for the design, and price in additional risk accordingly. During 2021, the availability and cost of materials (due to both Brexit and the ongoing Covid situation) do appear to indicate higher costs than in estimates made 12-18 months ago. Against this uncertain background, a Design & Build contract gives the council increased confidence in project costs

#### **Background papers:**

None

#### **Appendices:**

Exempt appendix to follow.

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