

Report to Cabinet
14 April 2021
Report of Director of place
Subject Development of Three Score Phase 3

Item

9

KEY DECISION

Purpose

To consider various awards of contract and delegated decisions for the development of Three Score phase 3

Recommendation

Cabinet is recommended to:

1. Delegate the decision to direct award a pre-construction services agreement to RG Carter Ltd for the development of Three Score phase 3, subject to the limits set out in the exempt appendix, to the executive director of development & city services, in consultation with the executive director of corporate & commercial services, the cabinet member for social housing and the cabinet member for resources;
2. Delegate the decision to direct award RG Carter Ltd the construction contract for the development of social housing at Three Score phase 3, subject to the limits set out in the exempt appendix, to the executive director of development & city services, in consultation with the executive director of corporate & commercial services, the cabinet member for social housing and the cabinet member for resources.

Corporate and service priorities

The report helps to meet the corporate priority Great neighbourhoods, housing and environment

Financial implications

Financial implications are detailed in the exempt appendix to this report

Ward/s: Bowthorpe

Cabinet member: Councillor Harris - Deputy leader and social housing

Councillor Kendrick – Resources

Contact officers

Andrew Turnbull, interim housing development manager	01603 989607
Dave Shaw, director of housing delivery	01603
Shaun Flaxman, senior finance business partner	01603 987574
Chris Rymarz, contracts officer	01603 987678

Background documents

None

Report

1. Over the course of the past year Cabinet have considered a number of reports concerning the provision of future council housing and on 29 July 2020 approved the outline business case, programme and funding required for progressing the development of phase 3 of the development of Three Score.
2. Following decisions made at July Cabinet, officers on secondment from NRL have been working with officers from across the Council to move forward on the three priority sites including Three Score phase 3.
3. In order to maximise efficiencies of the work done to date at Rayne Park, initial design services on this next phase of Three Score were procured via the joint venture arrangement with NPS Norwich. They were commissioned to provide design, cost management and employers agent role. To assist this NPS Norwich have sub-contracted work to Hamson Barron and Smith, a Norse subsidiary, in the same way as for Rayne Park.
4. Design work is progressing well and has moved to RIBA stage 2 (concept design). It was previously reported to cabinet that Three Score phase 3 could deliver in the region of 90 new homes, with the emerging design showing that 83 dwellings could be delivered on the site.
5. Revised financial modelling has been undertaken for the HRA development and this is detailed in the exempt appendix to this report.
6. It is anticipated that design will progress to RIBA stage 3 and submission of a planning application in June.
7. It has been recognised that utilising the work of RG Carter from Rayne Park, and having them mobilised on the adjacent site, offers the potential for significant efficiencies and opportunities for quick delivery in continuing to work with them on phase 3.
8. Efficiencies include:
 - a. continuity in contractor team members and directors will result in open book pricing, and therefore a reduced contract price, as risk is understood;
 - b. construction and buildability advice of existing team. Phase 3 is proposed to utilise similar construction details as Phase 2;
 - c. accelerated programme will be achieved as the existing team on site will be able to respond swiftly with commencing the works;
 - d. concurrent preliminaries with the existing Rayne Park development and avoiding site establishment costs;
 - e. there is an opportunity for us to negotiate with their existing supply chain on Rayne Park and freeze the rates being used
 - f. the quality expectations set by the client demonstrates that there is an understanding of what's required by RG Carter, with known design standards and established patterns of development used on phase 2. This allows the successes of this development to replicated and

contractor to be able to utilise experience of building these forms of development previously significantly reducing risk.

9. Pagabo are a framework provider who have a number of OJEU compliant frameworks open to the public sector. These frameworks allow both direct award of contracts and mini competition tenders. Officers have carried out due diligence with Pagabo who have provided evidence sufficient to satisfy us that a direct award from their framework is compliant within Public Contract regulation. RG Carter are on the Pagabo Medium Works framework for contracts up to £10m.
10. In order to maximise the efficiencies in paragraph 8 and to meet the required timeline officers have approached Pagabo about using their frameworks in order to direct award a contract to RG Carter for both the pre-construction services agreement and the construction of Three Score phase 3, within the financial limits detailed in the exempt appendix to this report. Value for money will be demonstrated through RG Carter offering savings against the base cost plan for the elements described in paragraph 8.
11. It is proposed to direct award a pre-construction services agreement, for RIBA stage 4, utilising this framework to RG Carter Ltd, subject to the final cost of this being confirmed. In order to maximise efficiencies and not to delay work on Three Score Phase 3 this contract will need to be formally signed within the next month so delegated powers are requested to do this.
12. In order to build confidence of the contractor and allow the development to proceed at pace it is further proposed to request delegated powers to direct award the full construction contract for the social housing development at Three Score phase 3 to RG Carter Ltd. This delegation will allow a quick, seamless transition from pre-construction into the construction phase and will be dependent on good progress being made on the RIBA stage 4 detailed design work and costs being within budget limits set out in the exempt appendix.
13. The approval of these recommendations will allow significant savings to the project and quick progression to development, with an anticipated approval of reserved matters by planning in September and then moving swiftly to commence on site, once any conditions are discharged.
14. The development of Rayne Park, by Norwich Regeneration Ltd (NRL), is showing a strong sales demand for the house types that are currently being built. In March, cabinet approved that NRL should move forward to develop a detailed business case for the development of some dwellings on Three Score Phase 3 to allow the shareholder to consider further investment in this scheme. It is therefore proposed that the council may wish to dispose of some of the land on this site, subject to approval of the detailed business case and an independent red book valuation of the land being provided to cabinet.
15. If the 83 dwellings currently being shown in the concept design, it is proposed that 25 of these could be delivered for private sale. This would mean a revised figure of 58 new social rented dwellings for the council.

16. In July 2020 cabinet previously approved the appropriation of the land at Three Score phase 3 from the general fund (GF) to the housing revenue account (HRA) subject to valuation. A revised valuation has been provided by NPS property consultants, however, following the March cabinet decision to investigate the opportunity for NRL to deliver some homes for private sale on the site, this appropriation has not taken place. It is expected that the area of land to be appropriated to the HRA will be considered by Cabinet in June alongside the business case for NRL development of the remainder of the Three Score Phase 3 site.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	14 April 2021
Director / Head of service	Director of place
Report subject:	Development of Three Score Phase 3
Date assessed:	29 March 2021

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This represents a prudent use of financial resources to meet corporate priorities. Developing social housing through the HRA allows the use of retained RTB receipts, which mitigates the risk of paying these to central Government with punitive interest.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The delivery of new affordable housing will provide employment opportunities, opportunities for local contractors and businesses and will generate local spending for the benefit of the wider economy. Providing more housing is important in supporting sustainable economic growth and prosperity.
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Providing additional social rented housing at enhanced environmental standards will advance financial inclusion by helping to improve housing affordability and reduce fuel poverty.
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Building more council homes to meet changing needs will help provide accommodation for vulnerable adults and children.
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The provision of sufficient and decent quality housing is essential to ensuring decent levels of health and well being.
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Provision of high quality new homes will enhance the built environment.
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Sustainable procurement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Procurement of design and construction services from RG Carter Ltd is offering opportunities for local contractors and suppliers. We will also seek opportunities for local apprenticeships and training.
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The new homes will be designed and built to a higher environmental standard than building regulations, which will bring benefits to both the environment and tenants, when compared with standard build types. The focus will be on reducing energy and water demands to help reduce fuel bills for residents, as well as factoring in opportunities for biodiversity, and to assist the council with meeting the commitments to the climate change agenda
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>There are risks with all developments around cost, quality and time but these will be carefully managed throughout delivery and minimised or mitigated wherever possible. The awarding of the contract to RG Carter Ltd is a prudent measure to minimise risk as they are already familiar with the site, house types, contract and costings.</p> <p>The awarding of these contracts will significantly contribute to the use of retained RTB receipts which minimises our risks of paying these to Government in future along with punitive interest years.</p>

Recommendations from impact assessment

Positive

Development of social housing for the council allows the use significant retained RTB receipts, which will reduce the risk of having to pay these to central Government along with punitive interest payments.

There are risks with all developments around cost, quality and time but the direct award of RG Carter Ltd allows these to be reduced. All risks will be managed throughout delivery and minimised or mitigated wherever possible.

Negative

Overall borrowing of the council will increase and extend the payback period of the HRA business plan. The increase in RTB receipts from 30% to 40% of a project will help to reduce this risk. The development programme will be managed in consultation with the executive director of corporate and commercial services to keep within recommended prudent levels and programmes of delivery amended accordingly. Site risks will be mitigated wherever possible and contingencies included within cost plans.

Neutral

Issues