

Report to Cabinet
4 November 2015
Report of Executive head of regeneration and development
Subject Award of contract for the development at Riley Close

Item

10

KEY DECISION

Purpose

To consider the award of a contract relating to the design and construction of two dwellings at Riley Close.

Recommendation

To award the contract for the management, design and construction of two dwellings at Riley Close to Orwell Housing Association Ltd.

Corporate and service priorities

The report helps to meet the corporate priority of a healthy city with good housing and the service plan priority to bring forward new build housing development for the council.

Financial implications

The Riley Close development has an approved budget of £390,000.

£345,000 from this approved budget is required for post-contract works including managing the contract, designing and constructing the dwellings.

30% of the cost can be funded from Right to Buy one for one replacement receipts, with the balance able to be funded from S106 commuted sums held by the council for the purposes of providing affordable housing.

Ward/s: Crome

Cabinet member: Councillor Harris – Housing and wellbeing

Contact officers

Andrew Turnbull, senior development officer (enabling)	01603 212778
Paul Swanborough, private sector housing manager	01603 212388
Dave Moorcroft, executive head of regeneration and development	01603 212225

Background documents

None

Report

Background

1. In December 2012 the cabinet took a decision to develop the garage site on Riley Close for 3 social rented dwellings and approved a total budget of £390,000.
2. Following public consultation and further discussions with housing management and the Housing options manager plans were revised from 3 x 2 bedroom houses to 2 x 4 bedroom houses, designed to achieve *Code for Sustainable Homes* level 4. The council currently only has one 4 bedroom house on the heartsease estate, so this better meets the local housing need.
3. The council procured Orwell Housing Association to act as development agent for both the Riley Close site and the now completed site on Pointers Field.
4. The pre-contract fees for Riley Close amount to approximately £21,500 with planning permission now approved at committee on 6 August 2015.

Procurement process

5. Orwell Housing Association - acting as development agent - has carried out a tender process to procure a contractor for the development on a JCT Design and Build contract. Orwell is managing the whole process on behalf of the council, as development agent; therefore the main construction contract will be between them and the selected contractor.
6. Four local developers responded to the tender:-

H Smith & Sons (Honingham)	£326,980.94
Developer A	£388,792.00
Developer B	£396,522.00
Developer C	£408,847.00
7. Given the price differential between the two lowest tenders, H Smith & Sons (Honingham) were asked to provide a detailed contract sum analysis alongside their contractor's proposals for further review.
8. On receipt, the Quantity Surveyor has confirmed that all items had been priced with no arithmetical errors. It was also shown that the contractor had priced very competitively for preliminaries, profit and overheads.
9. In order to safeguard against any rising material costs and to allow a provisional sum for any unknown archaeological work it is recommended to allow a 5% contingency on the above price. This would still mean that H Smith & Sons (Honingham) is the preferred contractor and is within the approved budget.

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 completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	4 November 2015
Head of service:	Andy Watt
Report subject:	Award of contract for the development at Riley Close
Date assessed:	16 October 2015
Description:	To consider the award of a contract relating to the design and construction of two dwellings at Riley Close.

	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"/>	Provision of more council homes will improve overall affordability of the housing stock. This represents a prudent use of financial resources to meet corporate priorities
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"/>	This project 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 will advance financial inclusion by helping to improve housing affordability
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"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
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"/>	Although this development removes 18 garages, only 4 are currently occupied and there is sufficient capacity in other near by garage sites. In addition a further 3 car parking spaces are being provided as part of the development for the existing local residents
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
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"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The new council homes will be designed to a higher standard of environmental standards than building regulations require.

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The new homes will be subject to the Right to Buy which represents a risk to the council.

Recommendations from impact assessment
Positive
Overall the project will provide more council homes which will improve overall affordability of the housing stock. The investment priorities represent a prudent use of financial resources to meet corporate priorities and will provide local employment opportunities.
Negative
The Right to Buy risk is mitigated as the 'cost floor' means that any monies spent on developing or maintaining these properties for 15 years can be deducted from any discount.
Neutral
Issues