

Report to Cabinet

15 December 2021

Subject:	Provision of 10 new council homes at Britannia Road, Rowley Regis – Award of contract
Cabinet Member:	Cabinet Member for Housing (Cllr Ahmed)
Director:	Director Regeneration and Growth Tony McGovern Director of Housing Gillian Douglas
Key Decision:	Yes
Contact Officer:	Partnerships and Programme Manager Alan Martin alan_martin@sandwell.gov.uk

1 Recommendations

- 1.1 That the Director Regeneration and Growth be authorised to award a contract to Seddon Construction Ltd, in the sum of £2,297,287.00 through Exemption to Procurement and Contract Procedure rules (rule 15, rule 8.11 regarding single tender returns) for the Construction of 10 Houses (8x 2 bed semi-detached and 2x 4 bed semi-detached) at Britannia Road, Rowley Regis as tendered using the Homes England Delivery Partner Panel 3 Framework, West Midlands Lot.
- 1.2 That the Director – Monitoring Officer be authorised to enter into or execute under seal any documentation in relation to award of the contract and/or other agreements as may be deemed necessary.



1.3 That any necessary exemptions be made to the Council's Procurement and Contract Procedure Rules to enable to course of action referred to in 1.2 above to proceed.

2 Reasons for Recommendations

2.1 The original Cabinet approval 20 March 2019 (minute 34/19 refers) gave approval for the demolition of a science block and the construction of circa 10 housing units (subject to planning consent) at Britannia Road, Rowley Regis.

2.2 The cost of the proposed contract with Seddon Construction Ltd is covered within the original capital allocation of adequate resources to fund the proposed project. Project costs were originally split between the HRA and Homes England grant funding, now funding is proposed to be split between the HRA and Right to Buy 1-for-1 capital receipts in accordance with clause 7.3 of the original approval. The funding sources for all schemes within the Council New Build programme are constantly monitored to ensure that the most beneficial funding source is selected, that all Homes England grant commitments are achieved and that all RTB capital receipts are allocated to prevent any loss of the receipts due to not expending them within the designated time periods.

2.3 Procurement and Contract Procedure Rules 2018-2019 clause 16.2 provides authority to the Cabinet to award contracts above the value of £250,000.

2.4 Expression of Interest documents were issued to the Homes England DPP3 framework, West Midlands Lot in July 2021 and four contractors responded.

2.5 They were considered suitable and all four contractors were invited to submit tenders.

2.6 One Contractor returned a tender within the stipulated timescale.

2.7 The tender was evaluated on a 80:20 (price:quality) most economical advantageous tender basis.



2.8 The scores for the evaluation are:

Tenderer	Price Score	Quality Score	Total Score
Seddon Construction Ltd	80.00	11.25	91.25

2.9 The tender of Seddon Construction Ltd., in the sum of **£2,297,287.00** has been checked and found to be technically and arithmetically correct.

2.10 The 90 day tender expiry date is 6 January 2022.

2.11 The estimate for the scheme was prepared in March 2020 and was £2.08M. This assumed a commencement date of fourth quarter 2020.

2.12 The tender commencement date is January 2022. Approximately one year after the initial estimate.

2.13 The construction industry has experienced significant cost increases over this period. Contractors are very reluctant to take on the risk of construction cost inflation with many not accepting the risk of fixed price tenders (see also item 4.5).

2.14 The contractor in this instance has confirmed that their tender sum includes an allowance for construction cost inflation and is a fixed price.

2.15 This tender sum of £2,297,287.00 is, therefore, considered to represent reasonable value for money.

2.16 The successful contractor will work with officers from Building Services/Urban Design in the management of the construction works.

3 How does this deliver objectives of the Corporate Plan

	<p>Quality homes in thriving neighbourhoods The redevelopment of this under-utilised site with modern residential accommodation will improve the immediate area, public realm, street scene and the asset base of the borough by providing much needed affordable housing.</p> <p>The provision of this proposed scheme will provide Homes that meet people's needs. Sandwell's population is</p>
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	<p>growing, and people need quality housing that fits their requirements.</p> <p>The development of this site will be guided by the Local Planning Authority in accordance with approved planning and development guidance. This will seek to achieve a development of a quality that sets the highest architectural standards and provides energy efficient buildings, in furtherance of the aims of the Environmental Policy and Climate Change Strategy for Sandwell.</p>
	<p>A strong and inclusive economy</p> <p>The development of this scheme will support investing in businesses, people and jobs that will create wealth and tackle poverty. It will also actively promote Think Sandwell with the inclusion of apprenticeships and training opportunities within the contractual arrangements</p>

4 Context and Key Issues

- 4.1 This scheme will provide 10 new council-owned affordable homes that meet Building Regulations and current housing requirements.
- 4.2 Sandwell’s Housing Management Team have provided housing demand data in relation to bidding activity for different property types in the area which shows that there is demand for all proposed property types.
- 4.3 Subject to the approval and completing contractual arrangements it is envisaged that works could commence January 2022 and complete October 2022.
- 4.4 The development of these sites with new homes will result in the following benefits:
 - Increasing the levels of high quality stock to replace units lost under Right to Buy through the HRA investment programme. (Minute no. 1/13 of the joint meeting of Strategic Resources and Jobs & Economy)
 - Contributing positively to the financial position of the Council by



generating New Homes Bonus and new Council Tax receipts.

- Developing fit for purpose accommodation.
- Increased good quality, energy efficient housing provision in the Borough
- Increasing the levels of new build Council housing stock within the Borough contributing towards meeting target forecasts.
- Re-developing areas of vacant land reducing the quantity of vacant land in the Borough and improve the image of the local built environment thereby supporting the aim of creating a safe and clean place to live.
- Linking to the work of Think Local and Think Sandwell approaches that will offer significant employment and training opportunities as well as additional community benefits to the local economy, including working with local supply chains and use of local labour.
- Producing positive outputs for community safety through the redevelopment of a vacant site.

4.5 It should be noted that the full impact of the current Covid 19 pandemic on the construction industry and its supply chain is still yet unknown. It is apparent that schemes that are currently on site are experiencing delays to contract programmes due to changes in working practices as a direct result of risk assessments and safe working procedures being implemented. Extended programmes have cost implications to contractors due to increased preliminary costs and overheads. There is also emerging evidence that some material costs are increasing above the rate of inflation again because of safe working procedures being implemented within the manufacturing process. The extent to which contractors will price this risk in current and future tender price returns is uncertain at present and something that the Council will be monitoring.



5 Alternative Options

- 5.1 The alternative option is to not accept this tender through Exemption to Procurement and Contract Procedure rules and to go back out and re-tender. Recent tender activity for other schemes has shown a reduction in the number of tender returns which is probably a direct result of 4.5 above and the current construction market conditions. It is not recommended to re-tender as this will cause at least a 6 month delay to a start on site, there is no guarantee how many tenders will be returned and the tender sum is likely to increase considerably if the current trend continues.

6 Implications

Resources:	<p>The Cabinet meeting on 20 March 2019 approved the allocation of adequate resources to fund the Construction of Houses at Britannia Road, Rowley Regis. The minute number is 34/19.</p> <p>The cost of the proposed contract with Seddon Construction Ltd is covered within the capital allocation identified above and changing the funding source has no impact on the viability of the scheme.</p>
Legal and Governance:	<p>Procurement and Contract Procedure Rules 2016-2017 clause 16.1 provides authority to the Cabinet to award contracts above the value of £250,000.</p> <p>The Cabinet meeting on 20 March 2019 approved delegated authority to Chief Officers to award the contract for the Construction of Houses at Britannia Road, Rowley Regis. The minute number is 34/19.</p> <p>The Council has to comply with the Public Contracts Regulations 2015 and the Council's own Procurement and Contract Procedure Rules 2016/17. This report confirms that this tender exercise has been conducted in accordance with the required procedures.</p>



<p>Risk:</p>	<p>The Corporate Risk Management Strategy (CRMS) will continue to be complied with throughout, in identifying and assessing the significant risks associated with this strategic proposal. This includes (but is not limited to) political, legislation, financial, environmental and reputation risks. A project risk register has been compiled and will be reviewed and updated on a regular basis. The risk register is monitored by the Project Team. Based on the information provided it is the officers' opinion that for the initial risks that have been identified, arrangements are in place to manage and mitigate these effectively.</p> <p>A risk assessment has been undertaken and no "red" risks were reported.</p> <p>This report does not relate to the collection of personal information and therefore a privacy impact assessment is not required.</p>
<p>Equality:</p>	<p>An Equality Impact Screening Assessment has been completed and has not highlighted any equality issues.</p>
<p>Health and Wellbeing:</p>	<p>The redevelopment of this under-utilised site with modern residential accommodation will improve the immediate area, public realm, street scene and the asset base of the borough by providing much needed affordable housing.</p> <p>The provision of this proposed scheme will provide Homes that meet people's needs. Sandwell's population is growing, and people need quality housing that fits their requirements.</p>
<p>Social Value</p>	<p>The development of this scheme will support investing in businesses, people and jobs that will create wealth and tackle poverty. It will also actively promote Think Sandwell with the inclusion of apprenticeships and training opportunities within the contractual arrangements.</p>



7. Appendices

List appendices

8. Background Papers

Report to Cabinet 20 March 2019 – Construction of 10 New Affordable Homes and Clearance of former science block at Britannia Road School, Rowley Regis. (Minute 34/19 refers)

- 4 no. H1-H9 2 bed semis
- 1 no. H5-H5 4 bed semi

