

Report for: Cabinet 9 July 2019

Item number:

Title: Templeton Hall & Garage Site Redevelopment – Construction Contract Award to develop 11 Council rented homes

Report authorised by: Dan Hawthorn, Director of Housing, Regeneration and Planning

Lead Officer: Alan Benson, Head of Housing Strategy & Commissioning

Ward(s) affected: Seven Sisters

**Report for Key/
Non Key Decision:** Key Decision

1. Describe the issue under consideration

- 1.1. This report seeks approval to appoint the recommended contractor, Kind Diamond Consortium Ltd, to complete a new build development of 11 Council rented homes at the Templeton Hall and Garage site for a total contract cost of £3,050,163.
- 1.2. This report also seeks approval to issue a letter of intent prior to the formal contract signature in the sum of £305,016 as allowed under Contract Standing Order 9.07.3.

2. Cabinet Member Introduction

- 2.1. This Cabinet report marks an important point in our Council housing delivery programme. It requests Cabinet approval of the first major construction contract for new Council homes, for the development of eleven Council homes at Council rents on the Templeton site in Seven Sisters. These homes will allow eleven individuals, couples or families to live in well built, well designed and well maintained homes, at Council rents. Templeton was originally going to be given to a Housing association to be developed entirely for shared ownership. I am very proud that we have instead been able to develop this site ourselves.
- 2.2. Building a thousand Council homes - and then further thousands once we have achieved that - will be a marathon and not a sprint. But I am delighted that this report marks a very significant milestone in delivering our ambitions, and I am looking forward to many more.

3. Recommendations

3.1. It is recommended that Cabinet:

- Approve the appointment of Kind Diamond Consortium Ltd to complete construction works to develop 11 Council rented homes for a total sum of £3,050,163.
- Approve the issue of a letter of intent prior to the formal contract signature for £305,016, 10% of the total contract sum.

4. Reasons for decision

4.1. The Templeton site has been identified as a site for the direct delivery of new Council homes by Haringey Council. The scheme has been granted planning consent and is ready to progress to construction. Following a competitive tender process, a contractor has been identified to undertake these works.

5. Alternative options considered

5.1. The authority procured the contract through the London Construction programme (LCP) Major Works 2014 Framework Agreement. The authority considered the use of alternative frameworks but to deliver the quickest and most effective route to market, it was decided to proceed with the LCP.

6. Background information

6.1. The Templeton Road site, located in Seven Sisters ward, was granted full planning consent on 21 September 2017. It was formerly identified as an infill site to be developed by Sanctuary as a shared ownership block of eleven one- and two-bedroom flats, but will now be delivered by the Council as Council rented homes. The works have been designed up to stage 4 of the Royal Institute of British Architects (RIBA) Plan of Works 2013. A contractor is now needed to undertake construction works. The contract period is 18 months. Start on site is expected later in July 2019 and completion in January 2021.

6.2. The project tender was a single stage selective tendering – JCT Design and Build form of Contracts 2016. A list of seven companies was generated using LOT 2 of the London Construction Programme (LCP) Major Works 2014 Framework Agreement, and following an Expression of Interest stage, two were invited to submit a proposal in response to an invitation to tender. Two responses were received and evaluated. During the evaluation process, requests for post tender clarification were sought, and the Council responded to these.

6.3. The tender was evaluated on 60% quality and 40% price.

- 6.4. The quality assessment was conducted by an evaluation panel, comprised of the Council's appointed Employer's Agent and the Senior Housing Project Manager for Housing Delivery. A pre-agreed list of questions was included in the tender as part of the Qualitative Delivery Proposals (QDP). Each question was offered a score between 0 (question not answered) and 5 (excellent) together with a weighted score.
- 6.5. The outcome of the quality and price scores is shown below:
- Contractor A scored a total of 81.82% comprising a score of 42.00% for quality and 39.82% for price.
 - Contractor B (Kind Diamond Consortium Ltd) scored a total of 88.00% comprising a score of 48.00% for quality and 40.00% for price.
- 6.6. Further clarifications were not required with regard to quality, but they were with regard to price. All clarifications returned for price have been satisfied.
- 6.7. The recommendation is to award the contract to Kind Diamond Consortium Ltd as their bid was the most economically advantageous compliant tender, scored the highest combined marks for price and quality and is within budget. The recommended tender submission is considered to offer good value for money. The Employer's Agent for this project is satisfied with the pricing offered by Kind Diamond Consortium Ltd.
- 6.8. The contract is to be awarded on a fixed price basis. The defects and liability period is 12 months. Tenders include all demolition, construction, site establishments and management costs and include overheads and profits.

7. Contribution to strategic outcomes

- 7.1. The recommendations in this report will support the delivery of the Housing Priority in the new Borough plan, which sets out in its first outcome that *"We will work together to deliver the new homes Haringey needs, especially new affordable homes"*.
- 7.2. In particular, the recommendations in this report will contribute to the aim *"to deliver 1,000 new council homes at council rents by 2022"*. The proposals in this report contribute directly to the strategic outcomes on new housing supply that are at the core of the aims of the Council as expressed in the Borough Plan.

8. Statutory comments (legal, finance, procurement, equalities)

Legal

- 8.1. The Assistant Director of Corporate Governance notes the content of this report.
- 8.2. Procurement has confirmed that the contract was procured through the London Construction Programme Framework MW2014 (LOT2).

8.3. Pursuant to the Council's Contract Standing Order (CSO) 7.01(b) and Regulation 33 of the Public Contracts Regulations 2015, the Council may select one or more Contractors from a Framework established by a public body where the Council has been named in the OJEU Contract Notice and as such the selection of Contractor B is compliance with the Council's CSO and the Public Contracts Regulations 2015.

8.4. Pursuant to the Council's Contract Standing Order (CSO) 9.07.1(d), Cabinet may approve the award of a contract if the value of the contract is £500,000 or more and as such Cabinet has power to approve the award of the Contract in this Report.

8.5. Pursuant to CSO 9.07.3 a Director may approve the issuance of a Letter of Intent for the sum not exceeding £100,000 or 10% of the total contract price pending the execution of a formal contract if satisfied that it is in the best interest of the Council to do so. Cabinet therefore has power to approve the issuance of a Letter of Intent for the sum of £305,016.30 being 10% of the total contract sum pending the execution of a formal contract.

8.6. The Assistant Director of Corporate Governance sees no legal reasons preventing Cabinet from approving the recommendations in the report.

Finance

8.7. The report requests Cabinet approval of

- The award of contract to Kind Diamond Consortium Ltd for the development works, to completion, of 11 Council social rented homes; for a total sum of £3,050,163, exclusive of oncost.
- Issue of a letter of intent prior to the formal contract signature for £305,016, 10% of the total contract sum.

8.8. The contractor was chosen after a tender evaluation exercise based on quality and price.

8.9. The cost of this contract has been fully budgeted for in the HRA new build programme budget approved in February 2019.

Strategic Procurement

8.10. Strategic Procurement notes that this report relates to the approval of an award for Templeton Hall & Garage Site Redevelopment – (Construction Contract Award) to develop 11 Council rented homes.

8.11. Strategic Procurement confirms that following an expression of interest exercise, two tenderers were invited to tender through the London Construction

Programme Framework MW2014 (LOT2). All two tenderers submitted a compliant bid that required further clarifications from both to achieve the final price.

- 8.12. Strategic Procurement notes that Kind Diamond Consortium Ltd was evaluated independently by the Panel on the Quality element prior to release of the price element of the Tender. Kind Diamond Consortium Ltd scored the highest in quality and price, scoring 88.00% overall.
- 8.13. Strategic Procurement notes that funding is available in the HRA new build programme for this Contract.
- 8.14. Strategic Procurement support the recommendations within this report and have no objections with awarding this contract to Kind Diamond Consortium Ltd for £3,050,163.

Equalities

- 8.15. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
 - Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
 - Advance equality of opportunity between people who share those protected characteristics and people who do not
 - Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.16. This report seeks approval for the Council to appoint a contractor to commence work to deliver new Council rented homes. The groups that the decision is most likely to directly affect are Haringey residents already living in Council housing and Haringey residents living in temporary accommodation and Haringey residents who are at risk of homelessness. Data held by the Council suggests that women, young people, and BAME communities are over-represented among those living in temporary accommodation. Women and BAME communities are over-represented among those living in Council housing. As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics.

9. Use of Appendices

Exempt Appendix 1

10. Local Government (Access to Information) Act 1985