

REPORT TITLE: CONTRACT AWARD FOR NEW HOMES, MAYLES LANE, KNOWLE

26 MARCH 2018

REPORT OF PORTFOLIO HOLDER: LEADER WITH PORTFOLIO FOR HOUSING SERVICES

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WARD(S): SOUTHWICK & WICKHAM

PURPOSE

The report seeks authorisation to enter into a contract with FE Chase to construct 13 new homes at Mayles Lane, Knowle, Wickham.

RECOMMENDATIONS:

1. That the Corporate Head of Housing be authorised to enter into a design and build contract to construct 13 properties at Mayles Lane, Knowle, Wickham with FE Chase & Son Ltd for the sum of £1,858,275.36
2. That in accordance with Financial Procedure Rule 6.4, capital expenditure of up to £2,075,775.36 including the contingency referred to in Exempt Appendix 1, para 2.2 and estimated fees be approved.
3. That the tenure mix of, 11 Flats and houses for affordable rent and 2 shared ownership houses is approved.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 Delivering Quality Housing Options – the scheme will provide a mix of affordable rented and shared ownership properties for the Districts residents

2 FINANCIAL IMPLICATIONS

- 2.1 The scheme has been included in the HRA new build capital programme 2018/19 which was approved by Cabinet on the 14 February 2018 (CAB3016)

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The scheme was tendered on a Design & Build (D&B) basis via the SE Business Portal which is the Council's preferred procurement route for schemes of this size to satisfy public procurement regulations. Four tenders were received which represents a good return rate and gives a high level of confidence that a competitive price has been achieved.

4 WORKFORCE IMPLICATIONS

- 4.1 None – within existing Business Plan objectives

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The proposed scheme provides 13 new affordable dwellings, 11 for rent and 2 for shared ownership on land that is in the Council's ownership.

6 CONSULTATION AND COMMUNICATION

- 6.1 A consultation event was held with local residents on the 8 September 2016 where property designs were displayed. A variety of comments were made on the day (19 completed response forms were received at the event), emails and on-line comments have continued to be received by the New Homes Team. Whilst the design of the properties were liked by some respondents and not by others, common areas of concern included the access to all of the sites (via Mayles Lane) being sub-standard, increased traffic generated by the development and lack of public transport options. All of the responses are available to view on the Council's website (less any personal information) <http://www.winchester.gov.uk/housing/new-affordable-housing/considered-schemes/mayleslaneknowle>. Following the event the design of the Park Cottages site was amended to reflect comments made by reintroducing an element of symmetry to the layout (which was a feature of the original Park Cottages).

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The scheme is fully compliant with the Council's planning policies on sustainability

8 EQUALITY IMPACT ASSESSMENT

- 8.1 The properties will be available to prospective applicants on the Council's housing register.

9 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property</i>	Design risk has been transferred to contractor via D&B contract	Other types of build contract are available but involve the Council accepting more of the design & build cost risk
<i>Community Support</i>	On-going relations maintained with local community	
<i>Timescales</i>	Financial penalties in place to mitigate late completion by contractor	Any delays impact on the Council's ability to deliver its affordable housing target
<i>Project capacity</i>	Project manager and team assigned	
<i>Financial / VfM</i>	Lowest tender price accepted from 4 returns – below budget set	The project generates positive returns over 35 years for the HRA business plan through additional rental income
<i>Legal</i>	Planning consent granted and European Protected Species Licence in place to address the issue of door mice	
<i>Innovation</i>	Standard brick and block construction being used	Modular construction is quicker but at higher cost.
<i>Reputation</i>		
<i>Other</i>		

10 SUPPORTING INFORMATION:

- 10.1 The Council has a target of building 600 new Council homes in the period 2018 - 2022. As part of its programme, three affordable housing sites with outline planning consent were purchased at Mayles Lane, Knowle Village. The sites have been included in the revised Housing Revenue Account Capital Programme that was agreed by Cabinet (Housing) Committee on 10 February 2016.
- 10.2 The 3 affordable sites are, Dean Villas which will accommodate 2 homes (a two and a three bed house), Park Cottages (4 x 2 bed and 1 x 3 bed houses)

and a site adjacent to Knowle Village Industrial Park (6 x 1 bed flats). A separate planning application was prepared for each site which were all approved in May 2017, the 3 sites were then tendered as one package in October 2017.

10.3 The scheme was tendered via the SE Business Portal in compliance with the Public Procurement Regulations 2015, 10 contractors submitted suitability questionnaires expressing interest in the scheme with 6 contractors ultimately invited to Tender. By the deadline of the 10 December 2017 4 contractors submitted tenders (further details are contained in exempt appendix 1).

10.4 After analysis of submissions by the Council's Employers Agent (Runds) the lowest tender was submitted by FE Chase for the sum of £1,858,275.36. It is therefore recommended that this tender is accepted and authority granted to the Corporate Head of Housing to enter into a Design and Build contract.

10.5 In order to help create a mixed community, meet wider housing needs and improve the financial viability of the scheme it is recommended that the Dean Villas site for 2 houses is developed as shared ownership housing with the remaining 2 sites developed exclusively for affordable rent. The financial viability summary is set out in exempt appendix 2

11 OTHER OPTIONS CONSIDERED AND REJECTED

11.1 As part of the consultation exercise members of the local community suggested more shared ownership housing would be beneficial in preference to affordable rented housing. This was considered however the main housing need in this area is for affordable rented accommodation.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB2851 (Housing) – Authorisation to Progress Affordable Housing Scheme: Mayles Lane, Knowle, Wickham, 11 October 2016.

Other Background Documents:-

Exempt: Tender Report – Mayles Lane, Wickham (Rund Partnership)

APPENDICES:

Exempt Appendix 1 – Tender Report

Exempt Appendix 2 - Viability Summary