

REPORT TITLE: FORMER POLICE STATION, TWYFORD – APPROVAL OF
TENDER TO CONSTRUCT COUNCIL HOMES

18 SEPTEMBER 2019

REPORT OF CABINET MEMBER: Cllr Kelsie Learney, Portfolio Holder Housing and
Asset Management

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WARD(S): COLDEN COMMON AND TWYFORD

PURPOSE

This report seeks final approval to enter into a build contract with Whitman Builders to construct 2 new Council properties at Dolphin Hill, Twyford for the sum of £441,635 (excluding VAT). Approval is sought in accordance with Financial Procedure Rule 7.4 for the capital expenditure of £599,611 for the project, as set out Appendix 1 and easements, wayleaves and related agreements with utility suppliers, telecom/media providers and neighbours in order to facilitate the development.

RECOMMENDATIONS:

1. That the Corporate Head of Housing be authorised to award and to enter into a build contract with Whitman Builders to construct 2 new properties at Dolphin Hill, Twyford for the sum of £441,635
2. That the additional scheme cost of £167,611 to be funded by right to buy 1-4-1 receipts be approved bringing the total budget to £599,611
3. That in accordance with Financial Procedure Rule 7.4, total capital expenditure of £599,611 as set out in Appendix 1 be approved.
4. That the Corporate Head of Asset Management be authorised to negotiate and agree terms and to enter into easements, wayleaves and related agreements with utility suppliers, telecom/media providers and neighbours in order to facilitate the development.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 Delivering Quality Housing Options – the scheme will provide 2 affordable rented properties for the Districts residents

2 FINANCIAL IMPLICATIONS

- 2.1 The scheme has been included in the HRA new build capital programme 2019/20 which was part of CAB3098 (HSG) Housing Revenue Account (HRA) Budget Option Paper approved by Cabinet (HSG) on the 30th January 2019.
- 2.2 The total scheme cost identified in CAB3098 (HSG) was £432,000, including £60,000 of pre-site costs in 2018/19 and £372,000 of works costs in 2019/20. Following the build tender exercise and allowing for other site works including demolition and the refurbishment of an additional house on the site, the total scheme cost is now £599,611. This paper seeks approval for the additional costs of £167,611. The additional cost will be funded by right to buy 1-4-1 receipts as the scheme provides 2 units for affordable rent. The build out phase is intended to commence in September 2019 and complete in December 2020.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The report requests the authority to negotiate and enter into agreements and contracts for the purpose of housing delivery by the Council at Dolphin Hill, Twyford. The Council has power to enter a contract with a third party by virtue of section 111 of the Local Government Act 1972, providing the power to do anything is calculated to facilitate, or is conducive or incidental to the discharge of any of its functions. Under section 1 of the Localism Act 2011, the Council has the power to undertake any activity a normal person could undertake, for the benefit of the authority, its area or persons resident or present in its area. The Council must be satisfied it has the enabling power(s) to award and enter into the relevant agreements.
- 3.2 The Council has an obligation as a best value authority under section 3 of the Local Government Act 1999 to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” By following due process the Council’s Contract Procedure Rules, the Council will have observed its other statutory duties, including in regard to the duty to obtain best consideration.
- 3.3 The Tender was advertised on Hampshire County Councils online tender portal on the 20th May 2019 and was awarded in accordance with the Council’s Contract Procedure Rules. Three Tenders were received and were opened on the 15th July 2019. Each Tender was marked on the basis of 60% price and 40% quality. The winning tender represents best value to the Council.

4 WORKFORCE IMPLICATIONS

- 4.1 None - Within existing resources

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The scheme will consist of 2 x 2 bed houses for rent held within the Housing Revenue Account.

6 CONSULTATION AND COMMUNICATION

- 6.1 In addition to the statutory Planning Application process, a community consultation event was held in March 2018 where the feedback received was used to influence the design of the scheme.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Council's design team have strived to use sustainable building techniques, materials and technologies to ensure that the design is as sustainable and cost effective as possible whilst maintaining high standards. The residential development is to be in accordance with building regulations and achieve a minimum equivalent to Code for sustainable homes - level 4. By improving the fabric of the building, the dwelling carbon dioxide emission rate has been reduced and the dwelling fabric energy efficiency improved. This constitutes an 8% improvement in the fabric of the building over levels set out within the building regulations. All the materials specified within the design are standard and can be easily sourced reducing the need for materials to be sourced from distant locations. It is also proposed that each driveway will be provided with an electric charging point for an electric vehicle to reduce the development's carbon emissions through improved parking.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 The Council's Housing Strategy was subject to an Equality Impact Assessment which has been considered by Officers and no update is required.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

10 RISK MANAGEMENT

- 10.1 The Council has opted to tender the build based on a traditional type build contract where the design risks are owned by the client (in this case the Council). The reasons for this approach are due to dissatisfaction with Design and Build contracts where quality is left to the contractor to determine. Where the construction risk lies with the Council, the Tender returns reflect the fact that there is less risk for the contractor and, being a lower value contract, an

opportunity to see if this approach is appropriate for other Council new build schemes.

Risk	Mitigation	Opportunities
<i>Property</i>	Ground surveys and structural advice taken as construction risk lies with client	
<i>Community Support</i>	Community consultation held as well as formal planning process	
<i>Timescales</i>	Liquidated ascertained damages (LAD'S) have been included within the build contract to compensate for any late completion of the project by the contractor	
<i>Project capacity</i>		
<i>Financial / VfM</i>	The Council has provided a detailed design to the contractor who has priced accordingly. The Council is responsible for the design risk, labour and material price risk lies with the contractor.	The Council could have transferred the design risk to the contractor through a Design and Build contract however this risks the quality of the materials and fittings being compromised
<i>Legal</i>	The Council must be satisfied it has the enabling power(s) to award and enter into the relevant agreements and achieves best value.	By following the due process the Council should achieve the best value for the contract award.
<i>Innovation</i>	Traditional construction techniques used	Modular construction considered however site unsuitable
<i>Reputation</i>		
<i>Other</i>		

11 SUPPORTING INFORMATION:

- 11.1 The Dolphin Hill development consists of 2 x 2bedroom houses. The scheme was granted planning consent on 11th January 2019 with 1 objection received. In addition, an existing property on the site has been retained and refurbished. The cost of this refurbishment is now included in the total scheme costs set out in paragraph 2.2 above.

- 11.2 The site formally consisted of 3 garages and an annex which was used as a local Police Station, these were demolished in March 2019 to enable the proposed development.
- 11.3 A consultation event was held with local residents on 9th March 2018 where the proposed design was displayed. Before the event over 40 invitations were hand delivered to neighbouring properties. Comments were made on the day, via email and the Council's online consultation tool Citizens' Space. In total seven varied comments were made. Some comments highly praised and supported the scheme whilst others were disappointed with the loss of garages and privacy. A summary of the comments is available to view on the Council's website. <http://www.winchester.gov.uk/housing/new-affordable-housing/early-stage-schemes>.
- 11.4 Amendments were made to the proposed scheme as a result of the consultation event and concerns raised by neighbours about potential overlooking.
- 11.5 The scheme was tendered via Hampshire County Council's online tender portal system in May 2019. Three tenders were received and were all evaluated using the 60% cost 40% quality cost model. The successful tender was submitted by Whitman Builders for the sum of £441,635 (see table below for comparative scores).

	Price	Overall Score
Tender A Whitman Builders	£441,635.00	84.4%
Tender B	£428,187.91	81.11%
Tender C	£400,413.00	72.5%

- 11.6 The qualitative questionnaire was scored by the Procurement Manager (HCC), PDP Architects and the WCC Project Manager independently and the scores then averaged. These were added to the "cost" score to produce an overall percentage score which indicated Whitman Builders as the best bid. The quality items that were scored as part of the tender submission included, construction quality, mobilisation and site set up, programme management and communication.
- 11.7 The viability assessment shows that the scheme meets the Council's viability tests as the scheme cost is lower than the market value and has a neutral Net Present Value at year 35. Full details are included in Appendix 1

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 The Council has the option to sell the site for private development however one of the main priorities is to provide affordable rented properties for the District's residents, this is especially important in high value rural areas such as Twyford.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

PHD812 Former Police Station, Dolphin Hill, Twyford (August 2018)

Other Background Documents:-

None

APPENDICES:

Appendix 1 - Viability Assessment

Financial Viability Summary – Dolphin Hill

Heading	Analysis	Criteria
Units	2 x 2 bed houses (AFF)	
Total Scheme cost	£599,611	
Market Value of dwellings	£632,400	
Total scheme cost as a % of market value	94.82%	< 95%
Net present value	£33,498	> £0
Interest Cover	117.31%	>= 110%
Loan repayment year	35	
Rent as % of open market rent	All properties at 75% of Market Value	Affordable properties maximum 80%, subject to not exceeding LHA
Rents per week based on 52 week year (AFF)	2 bed house £164.42 x 2	