

# **Report to the Council Housebuilding Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: CHB-001-2014/15**  
**Date of meeting: 21 August 2014**

**Portfolio: Housing**

**Subject: Acceptance of Tender – Council Housebuilding (Phase 1)**

**Responsible Officer: P Pledger (01992 564248)**  
**Asst Director (Housing Property & Development)**

**Democratic Services: Jackie Leither (01992 564756)**

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## **Recommendations/Decisions Required:**

**That a further evaluation into the financial credit standing of the lowest and second lowest tenderers be carried out, and the outcome reported to the Cabinet Committee before a decision is reached on which tender to accept for the Design and Build Contract for the construction of 23 new affordable Council homes, making up Phase 1 of the Council House-building Programme.**

## **Executive Summary:**

A tender exercise, undertaken in accordance with Contract Standing Orders, for the Design and Build contract for Phase 1 of the Council House-building programme resulted in 4 out of 5 tenders being returned. These have been evaluated by Pellings LLP, the Employers Agent acting on behalf of the Council's Development Agent East Thames. However, it has been recommended by Pellings LLP that any appointment should be subject to the Council undertaking a financial evaluation of the tenderers that are being considered. This will be carried out and reported to the Cabinet Committee in order for a decision to be made on which tender to accept.

## **Reasons for Proposed Decision:**

The Council House-building Cabinet Committee has agreed to tender the works using the East Thames Framework Agreement, based on a Design and Build Contract. Therefore, this tender exercise satisfies that decision and has been undertaken in line with the Council's Development Strategy and the Council's Contract Standing Orders. However, in view of the recommendation by Pellings LLP to undertake a financial review of the lowest tenderers before making a decision, this additional information was not available at the time this report was published.

## **Other Options for Action:**

To accept the lowest (or second lowest) tender without undertaking a financial check on the tenderers. However, this could expose the Council to the potential risk of entering into a high profile contract with a company financially unfit to complete the works.

**Report:**

(1) The Cabinet Committee, at its meeting in July 2013 considered and approved the detailed feasibility study for the construction of 25 new affordable homes over four sites on Roundhills, Waltham Abbey and a fifth site in Harveyfields, Waltham Abbey. One of the sites on Roundhills was later withdrawn from the Phase 1 programme. Planning applications were submitted and subsequently approved for the construction of 23 new affordable homes.

(2) Whilst all Contractors on the East Thames Contractors Framework list were contacted, just 2 of the 12 Contractors on the list expressed an interest to tender. Therefore, a further 3 Contractors, known to Pellings LLP as having the necessary experience of working on similar schemes of size and nature, were added as a result. All of those invited to tender are registered on Constructionline. The tender list was made up of the following Contractors:

- Countryside Properties Ltd - (Original East Thames Contractors Framework list)
- Hill Partnership Ltd - (Original East Thames Contractors Framework list)
- Broadway Construction Ltd – (Added by Pellings LLP)
- Bugler Developments Ltd - (Added by Pellings LLP)
- MK Building Contractors (UK) Ltd - (Added by Pellings LLP)

(3) Tenders were issued on 16 May 2014 to all 5 Contractors listed above, based on a JCT Design and Build Contract using the designs approved by the Planning Sub-Committee and the comprehensive set of the Council's Employers' Requirements. The pre-tender estimate for the works was £3,119,000

(4) The tenders were returned on 27 June 2014 and opened by the Housing Portfolio Holder on the same day. The tenders were registered as follows:

Tenderer	Place	Tender Sum
MK Building Contractors (UK) Ltd	1	£3,066,839.00
Broadway Construction Ltd	2	£3,245,143.62
Hill Partnership Ltd	3	£3,503,274.83
Bugler Developments Ltd	4	£3,744,504.97
Countryside Properties Ltd		Did not Tender

(5) Arithmetical checks were carried out by Pellings LLP on all of the tenders received, with the two lowest tenders being analysed in detail. The tenders submitted by MK Building Contractors (UK) Ltd and Broadway Construction Ltd as lowest and second lowest respectively represented fully compliant bids.

(6) Whilst a detailed tender evaluation report has been received from Pellings LLP, it is their recommendation that any appointment is subject to financial checks by the Council. Due to the limited time available to undertake this in advance of the Agenda being published, it is recommended that a further evaluation into the financial credit standing of the lowest and second lowest tenderers be carried out, and the outcome reported to the Cabinet Committee before a decision is reached.

**Resource Implications:**

Funding the House-building programme will be made up of 1-4-1 RTB receipts (30% of the

total works costs), £87,000 from the sale of land at Millfield, High Ongar, £127,300 grant from the Harlow Growth Area Fund, £127,500 from the release of a Covenant at Lawton Road, and the balance from accrued S.106 contributions and existing Capital funding set aside for Council house-building.

#### **Legal and Governance Implications:**

The tenders have been sought in accordance with Contract Standing Orders. Since the value of the work is below the EU Procurement thresholds for Works, EU Procurement rules do not apply.

#### **Safer, Cleaner and Greener Implications:**

The new affordable Council homes are to be constructed to "Secure By Design" standards and will meet the Code for Sustainable Homes level 3.

#### **Consultation Undertaken:**

Each of the local Ward Councillors, Residents and the Roundhills Residents Association have all been consulted at the Feasibility stage and at Planning application stage.

#### **Background Papers:**

1. Council House-building Cabinet Committee report on the feasibility studies for the Phase 1 development sites.
2. Tender evaluation report produced by Pellings LLP, the Employers Agent acting on behalf of the Council's Development Agent East Thames.

#### **Risk Management:**

A Programme wide Risk Register has been developed and is monitored by the Cabinet Committee. A site specific risk register has also been developed, which has identified risks such as contaminated land. These risks are being managed through the inclusion of specific measures in the contract.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- affordable housing,
- homelessness assistance,
- supported housing for special needs groups,
- owners and occupiers of poor condition housing
- council and housing association tenants.

From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.