

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



**Epping Forest  
District Council**

**Report reference:** CHB-004-2016/17  
**Date of meeting:** 12 December 2016

**Portfolio:** Housing

**Subject:** Tender Awards for Phase 3 Contracts – Council House-building

**Responsible Officer:** Paul Pledger (01992 564004)  
(Assistant Director, Housing Property & Development)

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

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## **Recommendations:**

- (1) That TSG be awarded the contract for the construction of two affordable 3-bed houses and two affordable 2-bed houses at Stewards Green Road, Epping in the contract sum of £752,340.41 based on a 34 week contact period based on a price and quality tender;
- (2) That Denmark & White Ltd be awarded the contract for the construction of two affordable 2-bed houses and two affordable 1-bed flats at Parklands, Coopersale in the contract sum of £716,756.74 based on a 56 week contact period based on a price and quality tender;
- (3) That Storm Building Ltd be awarded the contract for the construction of ten affordable 3-bed houses and two affordable 2-bed houses at Queens Road, North Weald in the contract sum of £2,320,493.00 based on a 82 week contact period based on a price and quality tender;
- (4) That TSG be awarded the contract for the construction of two affordable 3-bed houses and two affordable 2-bed flats at Bluemans End, North Weald in the contract sum of £753,034.23 based on a 36 week contact period based on a price and quality tender;
- (5) That VSN Enterprises Ltd be awarded the contract for the construction of one affordable 3-bed house at Centre Drive, Epping in the contract sum of £300,285.00 based on a 38 week contact period; and
- (6) That Denmark & White Ltd be awarded the contract for the construction of two affordable 2-bed houses and two affordable 1-bed bungalows at Springfield (Site C), Epping and one affordable 3-bed house and three affordable 2-bed houses at Centre Avenue, Epping in the contract sum of £1,408,126.30 based on a 60 week contact period based on a price and quality tender.

## **Executive Summary:**

The Cabinet Committee agreed in January 2016 that for Phase 3 the Council adopts an alternative procurement strategy and breaks down the 8 sites making up Phase 3 into 7 separate contracts with a mixture of Design and Build contracts and traditional fully designed contracts, and tender them in accordance with the Council's Procurement Rules using a price and quality assessment. This report sets out the results of the tender exercise for 6 of the 7 contracts.

## **Reasons for Proposed Decision:**

The Council's Procurement Rules requires a Cabinet decision when awarding contracts in excess of £1m. However, the Cabinet have delegated authority to the Cabinet Committee to agree all tenders associated with the Council's house-building programme as set out in its Terms of Reference.

## **Other Options for Action:**

To award the contracts to any other contractor that has tendered for the works.

## **Background**

1. At its meeting in January 2016, the Cabinet Committee agreed that for Phase 3 of its house-building programme, the Council adopts an alternative procurement strategy and breaks down the 8 sites making up Phase 3 into 7 separate contracts with a mixture of Design and Build contracts and traditional fully designed contracts, and tender them in accordance with the Council's Procurement Rules. The reason was due to the lack of interest from larger contractors on the East Thames Framework to undertake the 8-sites as a whole due to the complications and difficulties managing dispersed sites. Soft market testing suggested a better approach might be to let the works through a mixture of smaller contracts using different contract types. This would allow smaller scale builders to bid for works whilst ensuring that more control over the delivery of the project remained with the Employers Agent/Development Agent.
2. For each of the contracts, the tenderers were required to submit their tender based on price and quality, with price making up 60% of the tender evaluation and 40% on quality. In addition to their price, each tenderer was asked to specify the construction period that they had based their tender on. All contractors were also checked on Constructionline for suitability and capability to undertake the works, in addition to credit checks.
3. The quality submissions were based around Experience of Design Services, quality, handover procedure, use and control of sub-contractors and sub-consultants and the Building Manuals / Health and Safety Files
4. The outcome of each of the tender exercises is set out below:

### Stewards Green Road, Epping (2 affordable 3-bed houses and 2 affordable 2-bed houses)

5. Tender documents were prepared and submitted to 4 contractors based on a fully designed traditional JCT contract. The pre-tender estimate for the works was £702,000 as at 5 January 2016.
6. The tenders were issued on 30 September 2016 and returned on 4 November 2016. The Housing Portfolio Holder opened the tenders on 10 November 2016, and were recorded as follows:

Contractor	Tender Sum	Quality Submissions	Proposed Contract Period
Denmark & White	£811,968.15	Yes	42 calendar weeks
PA Finlay	£895,420.49	No	52 calendar weeks
TSG	£715,840.41	Yes	34 calendar weeks
Willmott Dixon Energy Services		No tender	

5. Each of the tenders has been checked and are confirmed as arithmetically correct. However, there were a number of clarifications, omissions, qualifications or provisional sums included in the tenders received from P A Finlay and TSG. There were no qualifications within the tender submitted by Denmark and White.
6. The lowest tender submitted by TSG, when adjusted to take account of clarifications and qualifications, increases their tender sum by £11,500 to £727,340.41.
7. When evaluating the price and quality, the overall assessment resulted in the following ranking:

Summary	Price	Quality (Total Average)	Total	Rank
<b>Denmark &amp; White</b>	53.75%	12.0	65.75	2
<b>TSG</b>	60.00%	12.0	72.00	1
<b>PA Finlay</b>	48.74%	0	48.74	3

8. It is therefore recommended that the contract for the construction of 2 affordable 3-bed houses and 2 affordable 2-bed houses at Stewards Green Road, Epping be awarded to TSG in the adjusted contract sum of £727,340.41 based on a 34-week contract period using a traditional JCT contract (as amended)

Parklands, Coopersale (2 affordable 2-bed houses and 2 affordable 1-bed flats)

9. Tender documents were prepared and submitted to 4 contractors based on a JCT Design and Build contract. The pre-tender estimate for the works was £560,700 as at 5 January 2016.
10. The tenders were issued on 9 September 2016 and returned on 14 October 2016. The Housing Portfolio Holder opened the tenders on 19 October 2016, and were recorded as follows:

<b>Contractor</b>	<b>Tender Sum</b>	<b>Quality Submissions</b>	<b>Proposed Contract Period</b>
TSG	£761,720.88	Yes	34 calendar weeks
Amber Construction Services Ltd	£829,692.94	Yes	24 calendar weeks
Denmark & White	£716,756.74	Yes	56 calendar weeks
PA Finlay	£759,933.56	No	52 calendar weeks

11. Each of the tenders has been checked and are confirmed as arithmetically correct. However, there were a small number of clarifications, omissions, qualifications or provisional sums included in the tenders received from TSG and Amber Construction Services Ltd. There were no qualifications within the tender submitted by P A Finlay and Denmark and White.

12. When evaluating the price and quality, the overall assessment resulted in the following ranking:

<b>Summary</b>	<b>Price</b>	<b>Quality (Total Average Weighted)</b>	<b>Total</b>	<b>Rank</b>
<b>Denmark &amp; White</b>	60.00%	24.5	84.50	1
<b>Amber</b>	51.83%	26.1	77.93	2
<b>TSG</b>	56.46%	20.9	77.36	3
<b>PA Finlay</b>	56.59%	0	56.59	4

13. It is therefore recommended that the contract for the construction of 2 affordable 2-bed houses and 2 affordable 1-bed flats at Parklands, Coopersale be awarded to Denmark and White for the contract sum of £716,756.74 based on a 56-week contract period using a JCT Design and Build contract (as amended)

Queens Road, North Weald (10 affordable 3-bed houses and 2 affordable 2-bed houses)

14. Tender documents were prepared and submitted to 4 contractors based on a JCT Design and Build contract. The pre-tender estimate for the works was £2,840,100 as at 5 January 2016.
15. The tenders were issued on 16 September 2016 and returned on 28 October 2016. The Housing Portfolio Holder opened the tenders on 1 November 2016, and was recorded as follows:

<b>Contractor</b>	<b>Tender Sum</b>	<b>Quality Submissions</b>	<b>Proposed Contract Period</b>
Storm Building Ltd	£2,170,493.00	Yes	82 calendar weeks
Kind & Company (Builders) Ltd	£3,249,806.00	Yes	78 calendar weeks
Olli Construction Services	£2,432,838.07	No	82 calendar weeks
Willmott Dixon Energy Services	No tender		

16. The tender submitted by Olli Construction Services was received after the 12 noon deadline at 15:51pm. However, they did telephone in advance advising that due to staff absence they would not make the deadline. Since all of the tenders were retained in a secure location and opened together some time after the deadline, the Housing Portfolio Holder did accept the late tender and recorded it along with the others.
17. Each of the tenders has been checked and are confirmed as arithmetically correct. However, there were a number of clarifications, omissions, qualifications or provisional sums included in the tenders received from Storm Building Ltd, Kind & Company (Builders) Ltd and Olli Construction Services. In order to reach a fixed price, negotiations took place with Storm Building Ltd and Olli Construction Services, which resulted in adjusted tender sums of £2,230,493.00 and £2,365,380.07 respectively
18. When evaluating the price and quality, the overall assessment resulted in the following ranking:

<b>Summary</b>	<b>Price</b>	<b>Quality (Total Average Weighted)</b>	<b>Total</b>	<b>Rank</b>
<b>Kind &amp; Co</b>	<b>42.84%</b>	<b>27.9</b>	<b>70.74</b>	<b>2</b>
<b>Storm</b>	<b>60.00%</b>	<b>26.6</b>	<b>86.60</b>	<b>1</b>
<b>Olli</b>	<b>57.23% *</b>	<b>0</b>	<b>57.23</b>	<b>3</b>

\* Note: If the sub-station costs for Olli Construction are omitted, the final total would equate to 58.86%

19. It is therefore recommended that the contract for the construction of 10 affordable 3-bed houses and 2 affordable 2-bed houses at Queens Road, North Weald be awarded to Storm Building Ltd for the contract sum of £2,230,493.00 based on an 82-week contract period using a JCT Design and Build contract (as amended)

Bluemans End, North Weald (2 affordable 3-bed houses and 2 affordable 2-bed flats)

20. Tender documents were prepared and submitted to 4 contractors based on a JCT Design and Build contract. The pre-tender estimate for the works was £684,000 as at 5 January 2016.
21. The tenders were issued on 23 September 2016 and returned on 4 November 2016. The Housing Portfolio Holder opened the tenders on 10 November 2016, and was recorded as follows:

<b>Contractor</b>	<b>Tender Sum</b>	<b>Quality Submissions</b>	<b>Proposed Contract Period</b>
PA Finlay	£818,122.76	No	52 calendar weeks
TSG	£725,366.18	Yes	36 calendar weeks
Denmark & White	£809,864.99	Yes	58 calendar weeks
Amber Construction		No tender	

22. Each of the tenders has been checked and are confirmed as arithmetically correct. However, there were a number of clarifications, omissions, qualifications or provisional sums included in the tenders received from TSG and P A Finlay. The provisional sums contained with Denmark and White's tender were confirmed as a fixed price during the post tender negotiations.

23. When evaluating the price and quality, the overall assessment resulted in the following ranking:

Summary	Price	Quality (Total Average Weighted)	Total	Rank
PA Finlay	55.23%	0	55.23	3
TSG	60.00%	20.9	80.90	1
Denmark & White	55.79%	23.3	79.09	2

24. It is therefore recommended that the contract for the construction of 2 affordable 3-bed houses and 2 affordable 2-bed flats at Bluemans End, North Weald be awarded to TSG for the contract sum of £725,366.18 based on an 36-week contract period using a JCT Design and Build contract (as amended)

Centre Drive, Epping (1 affordable 3-bed house)

25. Tender documents were prepared and submitted to 4 contractors based on a traditional fully designed standard JCT form of contract. The pre-tender estimate for the works was £289,000 as at July 2016. Unlike the other tenders, this was based on price alone and not price and quality.

26. The tenders were issued on 17 August 2016 and returned on 16 September 2016. The Housing Portfolio Holder opened the tenders on 21 September 2016, and was recorded as follows:

Contractor	Tender Sum	Proposed Contract Period
Mitre Construction Ltd	£374,934.79	36 Weeks
VSN Enterprises Ltd	£277,250.00	36 Weeks
Gracelands CMS Ltd	Declined to tender due to other relocation commitments	
Flowline Builders LTD		Did not Tender

27. Each of the tenders has been checked and are confirmed as arithmetically correct. However, there were a number of clarifications, omissions, qualifications or provisional sums included in both tenders received. In order to reach a fixed price, negotiations took place with VSN Enterprises Ltd, which resulted in adjusted fixed price tender sum of £300,285.00.

28. It is therefore recommended that the contract for the construction of 1 affordable 3-bed house at Centre Drive, Epping be awarded to VSN Enterprises Ltd for the contract sum of £300,285.00 based on an 36-week contract period using a standard traditional JCT form of contract (as amended)

Springfields (Site C) and Centre Avenue, Epping (1 affordable 3-bed house, 5 affordable 2-bed houses and 2 affordable 1-bed bungalows)

29. Tender documents were prepared and submitted to 4 contractors based on a JCT Design and Build contract. The pre-tender estimate for the works was £1,530,000 as at July 2016.

30. The tenders were issued on 1 September 2016 and returned on 7 October 2016. The Housing Portfolio Holder opened the tenders on 19 October 2016, and they were recorded as follows:

<b>Contractor</b>	<b>Tender Sum</b>	<b>Quality Submissions</b>	<b>Proposed Contract Period</b>
Denmark & White	£1,408,126.30	Yes	60 calendar weeks
PA Finlay	£2,071,567.42	No	52 calendar weeks
Olli Construction	£1,544,016.20	Yes	46 calendar weeks
Kind & Company	No tender		

31. Each of the tenders has been checked and are confirmed as arithmetically correct. However, there were a number of clarifications, omissions, qualifications or provisional sums included in the tenders received from all three tenders. The provisional sums contained with Denmark and White's tender were confirmed as a fixed price during the post tender negotiations.

32. When evaluating the price and quality, the overall assessment resulted in the following ranking:

<b>Summary</b>	<b>Price</b>	<b>Quality (Total Average Weighted)</b>	<b>Total</b>	<b>Rank</b>
<b>Denmark and White</b>	60%	24.5	84.50	1
<b>Olli Construction</b>	54.72%	24.3	79.02	2
<b>P A Finlay</b>	40.78%	0	40.78	3

33. It is therefore recommended that the contract for the construction of 1 affordable 3-bed house, 5 affordable 2-bed houses and 2 affordable 1-bed bungalows across the Springfields and Centre Avenue sites in Epping, be awarded to Denmark and White for the contract sum of £1,408,126.30 based on an 60-week contract period using a JCT Design and Build contract (as amended)

#### **Resource Implications:**

The Housebuilding Programme's existing budget will need to meet the capital costs set out in the report, with 30% being funded from Right to Buy 1-4-1 Capital Receipts:

Stewards Green Road, Epping	-	£727,340.41
Parklands, Coopersale	-	£716,756.74
Queens Road, North Weald	-	£2,230,493.00
Bluemans End, North Weald	-	£725,366.18
Centre Drive, Epping	-	£300,285.00
Springfields & Centre Avenue, Epping	-	£1,408,126.30

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

Town and Country Planning Act 1974

Within its Terms of Reference, the House-Building Cabinet Committee is expected to consider the tenders for each phase of the house-building programme

The tenders have been undertaken in accordance with the Council's Procurement Rules

**Safer, Cleaner and Greener Implications:**

Each of these sites will deliver affordable homes, built to Lifetime Homes standards, the latest Building Regulations, Secure By Design and the equivalent to the Code for Sustainable Homes Code 4.

**Consultation Undertaken:**

The Cabinet Committee along with Ward Members and local residents have been consulted at feasibility stage and at the Planning Application stage.

**Background Papers:**

Tender evaluation reports by Pellings LLP

**Risk Management:**

A site specific risk register is maintained for each site along with a contract wide risk register, which is monitored by the Council House-building Cabinet Committee.

The main risks are those associated with unforeseen underground issues unknown at the point of tender. All reasonable investigations have been undertaken, and included in the tender specifications. It is not possible to identify all risks, but an allowance by way of provisional sums have been included in the tender sums reported.

# 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.