
Decision Maker: EXECUTIVE

For pre decision scrutiny by the Renewal, Recreation and Housing Policy, Development and scrutiny Committee on 11 February 2020

Date: 12 February 2020

Decision Type: Non Urgent Executive Key

Title: **CONTRACT AWARD: PROVISION OF HOUSING SUPPLY IN ANERLEY AND CHISLEHURST**

Contact Officer: Alicia Munday, Head of Regeneration
Tel: 020 8313 4559 E-mail: Alicia.Munday@bromley.gov.uk

Chief Officer: Lydia Lee, Assistant Director, Culture & Regeneration

Ward: Crystal Palace, Chislehurst

1. Reason for report

1.1 This report, together with the accompanying Part 2 report, sets out recommendations for the award of contract, following a tender process through a compliant framework (LHC NH2), for the design and build of off-site housing construction for the provision of temporary accommodation across two sites: Bushell Way, Chislehurst; and Anerley Town Hall Overflow Car Park.

2. RECOMMENDATION(S)

2.1 The Renewal, Recreation and Housing PDS Committee are asked to note and comment on the recommendations of the Part 1 and Part 2 reports, prior to Executive decision.

2.2 Executive are recommended to:

i) Approve Contract Award, as detailed in the accompanying Part 2 report, for the Design and Build (subject to Planning Permission) of the two schemes.

Corporate Policy

1. Policy Status: Existing Policy: Further Details
 2. BBB Priority: Excellent Council Supporting Independence:
-

Financial

1. Cost of proposal: Detailed in Part 2 report
 2. Ongoing costs: Detailed in Part 2 report
 3. Budget head/performance centre: Capital Programme £8.4m
 4. Total current budget for this head: N/A
 5. Source of funding: Housing Investment Fund earmarked reserve
-

Staff

1. Number of staff (current and additional):
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Applicable:
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments?

Summary of Ward Councillor's comments: A meeting with Ward Councillors has been held in relation to these recommendations. Ward Members have requested that public engagement is conducted. It was confirmed with Ward Members that this is the start of the process, and should these recommendations be approved, this would enable a provider to be selected to propose more detailed plans which would then commence the public engagement process.

Statutory Public Consultation will take place if a planning submission is made.

3. BACKGROUND

- 3.1 In May 2019 (Report No. DRR19/025) Executive approved recommendations to bring forward the development of two Council owned sites (Bushell Way, Chislehurst and Anerley Overflow Car Park) for housing developments. Appendix 1 provides detail on site locations.
- 3.2 It was agreed that Officers would utilise an off-site housing construction framework, managed by LHC, to procure a housing development on each site to increase capacity of temporary accommodation in the Borough and alleviate demand pressures.
- 3.3 The earlier report set out the rationale for utilising the LHC framework and off-site housing construction. The use of the framework has offered the opportunity to engage with pre-qualified manufacturers; reduce procurement timescales; as well as, obtain value for money through scale of business that is countrywide and beyond any scale the Council is likely to achieve alone.
- 3.4 The tender documentation included a scope of works, and requested that tenderers demonstrate their commitment to the following principles, as agreed by the Executive in May 2019:
- Developments in line with the Local Plan and that are sympathetic to the local surroundings;
 - Housing that meets the London Housing Standards, or as close to;
 - Housing that is efficient and sustainable;
 - A range of 1 and 2 bedroom apartments.
- 3.4 Playle & Partners were appointed to act as Quantity Surveyors and Clerk of Works on behalf of the Council for these schemes, and have supported the production of the tender documentation in conjunction with Amey.

4. TENDER PROCESS

- 4.1 The tender was undertaken using the LHC framework as this contains a number of different workstreams within the framework. Officers decided to utilise workstream 4, Band 1 of the NH2 Framework which allows for projects where a majority of site will be less than 25 dwellings. Officers rational for utilising this band of workstream 4 is due to concerns that Planning would be unlikely to be granted above this number of dwellings on either site.
- 4.2 The mini-competition was undertaken utilising the process as outlined in the NH2 Framework. All bids were evaluated on a 40% Quality and 60% Price basis.

| Criteria | | |
|--|-----|----------------|
| Financial Resources and Contract Affordability | 10% | Quality 40% |
| Quality and Operational Compliance | 25% | |
| Technical Ability to Deliver the Project | 25% | |
| Health and Safety | 20% | |
| Social Value | 10% | |
| Sustainability, Equal Opportunities & Partnership Working | 10% | |
| Preliminary Costs | 40% | Price 60% |
| Pricing Scenario Model Based on 2 Bed, 4 Person, 2 Storey Dwelling | 40% | |
| Pricing Scenario Model Based on 1 Bed, 2 Person, 2 Storey Dwelling | 20% | |

4.3 Council Officers were aware that the optimum number of dwellings would only be determined at the Planning stage, and introduced further financial weightings into the Finance evaluation, to mitigate this risk and enable a fair comparison of the sites.

4.4 **Site 1 – Bushell Way, Chislehurst**

This site was formally occupied by the Banbury House Care Home. The site is in a residential area, providing an excellent location for additional housing, whilst maintaining the Council’s land ownership.

Site 2 –Anerley Town Hall, Overflow Car Park

This site is an overflow car park for Anerley Town Hall. The car park is not ‘Pay and Display’ and so there will be no loss of income. The car park is underutilised, with adequate parking provision provided for within the main car park

4.5 **Tender Outcome:**

Utilising the LHC NH2 Framework, the Council received Expressions of Interest from 6 of the 7 providers within Workstream 4, Band 1.

4.6 Tenderers were invited to visit both sites, prior to submitting their bids. The purpose of the visits was to give tenderers an opportunity to see the locations as well as surrounding areas.

4.7 The outcome of the tender process is detailed in the accompanying Part 2 report.

5. STAKEHOLDER ENGAGEMENT

- 5.1 At the request of Ward Councillors, officers have met with local residents of Bushell Way, Chislehurst. A FAQ document has been collated and circulated to residents via Ward Councillors. This has not been requested by the Anerley Ward members.
- 5.2 Residents will be fully consulted in line with Planning Policy during the planning process.

6. IMPACT ON VULNERABLE CHILDREN AND ADULTS

- 6.1 The proposed recommendations support vulnerable people through the provision of housing supply.

7. POLICY CONSIDERATIONS

- 7.1 The Council has published a Homelessness Strategy which sets out the approved strategic policy in terms of homelessness. This includes the provision of affordable housing and reducing the reliance on nightly paid accommodation.

8. PROCUREMENT RULES

- 8.1 See Part 2 report

9. FINANCIAL CONSIDERATIONS

- 9.1 See Part 2 Report

10. LEGAL CONSIDERATIONS

- 10.1 The Housing Act 1996, Part 7 (as amended) sets out the Council's statutory homelessness duties, including the duty to provide temporary accommodation for certain classes of people and in certain circumstances.
- 10.2 The Council can rely on Part 7 of the Housing Act 1996 to provide temporary accommodation together with the general power of competence in section 1 Localism Act 2011.
- 10.3 The Council must make decisions in accordance with the law and also in accordance with its fiduciary duty to its tax payers in using Council resources. The report explains the benefits including the financial benefits that must be properly weighed up and considered before taking the decisions set out in the recommendations.
- 10.4 The report refers to decisions made by the Executive in May 2019 which included approval of the site development and procurement strategy together with the appropriation of land for housing purposes. However the land in the

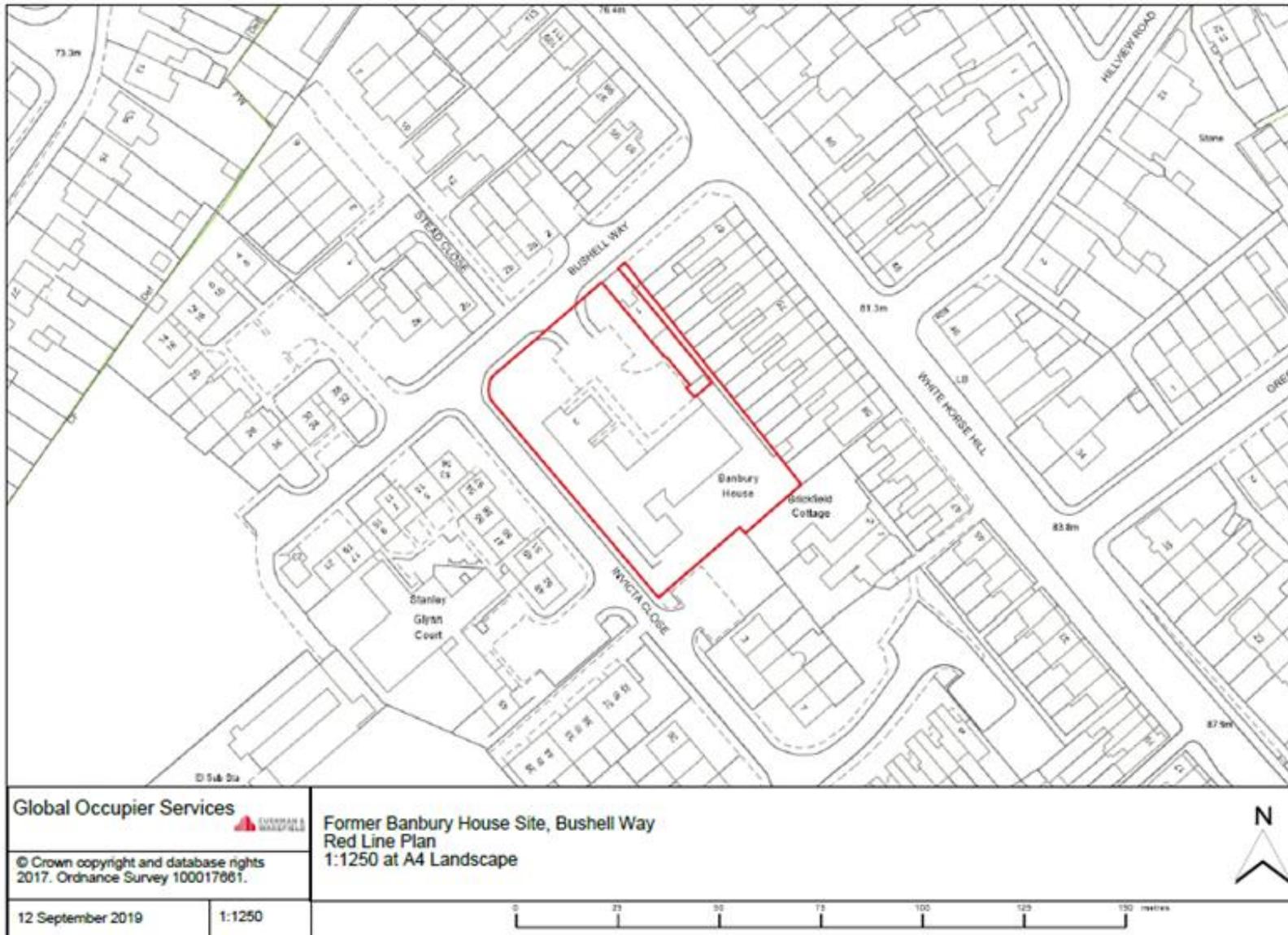
registered titles for both sites is subject to restrictive covenants. Once planning permission has been obtained it may be necessary to appropriate the land for planning purposes to engage the provisions of section 203 of the Housing and Planning Act 2016, in order to override easements or other rights to which the land is subject, if the Council has been unable to agree compensation payable for the diminution of any such rights enjoyed by neighbouring properties, including the right to light.

- 10.5 Under the Public Contract Regulations 2015 (Regulations) the procurement of these works, supply and services is a public contract within the meaning of the Regulations. As the value exceeds the relevant threshold under the Regulations the Council would have needed to carry out a fully compliant EU Procurement exercise. The Regulations however accept compliance where the Council call-off from an EU compliant framework which is expressed as being available to the Council and is used within the rules set up by the framework. The Council have procured from the LHC NH2 Framework for the design and build of the houses identified in the report and related Part 2 report. The section in these reports on Procurement Rules provides further detail of the procurement exercise undertaken under the framework.
- 10.6 As these two schemes are for a 2 Stage Open book tendering procurement via the LHC Framework for modular homes, the recommendations are seeking authority to enter into Pre-Commencement Works contracts and subject to Planning permission being granted the Contract Award includes the progression to the second stage Works contract. It is noted that if Planning Permission is not granted, there is a break clause that allows Officers to terminate the contract.
- 10.7 The relevant authorisation process in relation to Contract award under the Council's Contract Procedure Rules for values over £1M is by way of Executive authorisation in agreement with the Portfolio holder, Chief Officer, Assistant Director Governance & Contracts, Director of Corporate Services and Director of Finance.
- 10.8 The report also identifies the need to carry out the procurement for the management of the houses and in due course a further report will be required seeking authority to commence that procurement exercise under the Council's Contract Procedure Rules

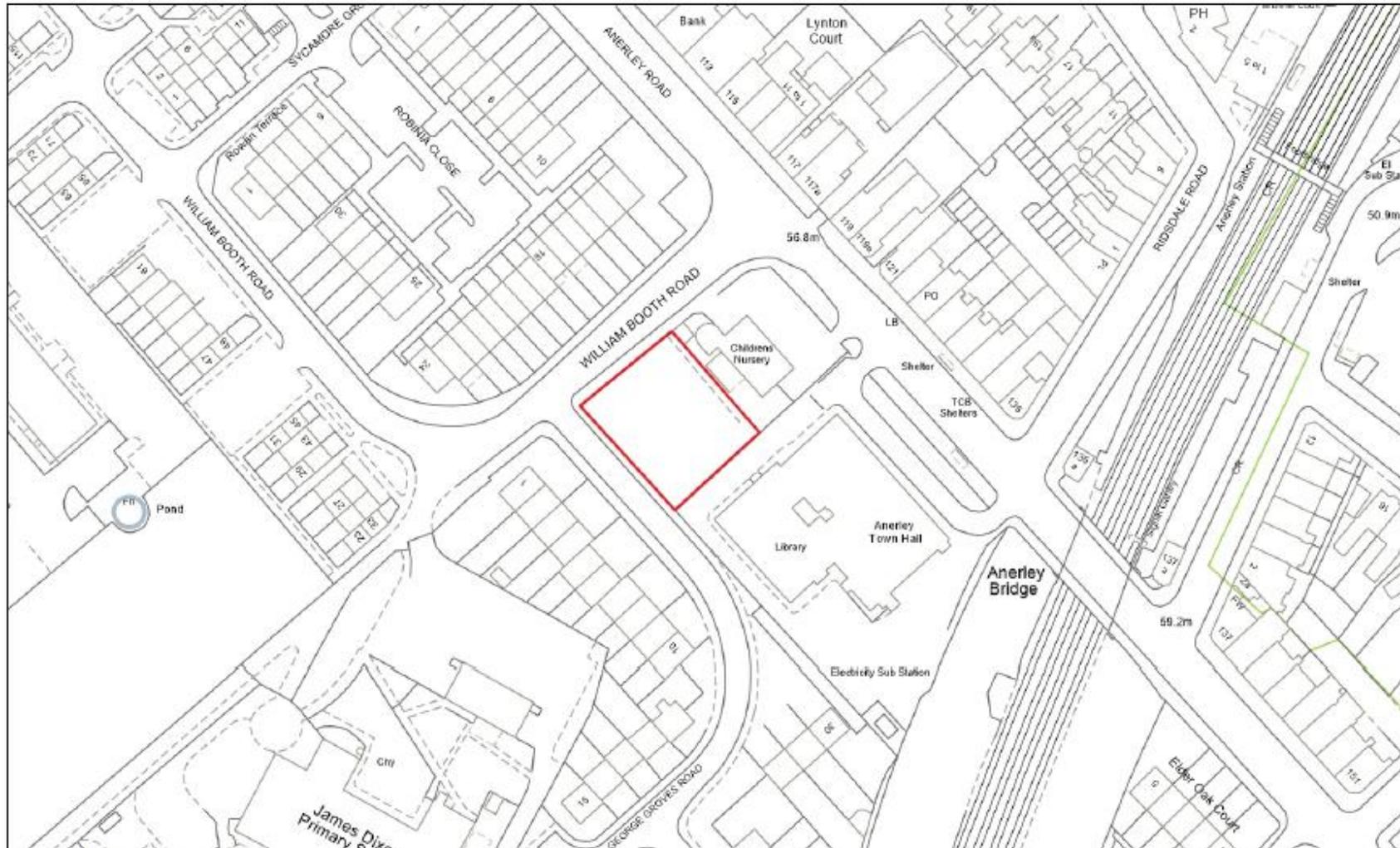
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| Non-Applicable Sections: | |
| Background Documents: (Access via Contact Officer) | Increasing Housing Supply to Meet Housing Need |

Appendix 1

Site 1 - Bushell Way, Chislehurst



Site 2-Anerley Town Hall, Overflow Car Park, Anerley



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|---|--|---|
| <p>Global Occupier Services </p> | <p>Anerley Town Hall Overflow Car Park Red Line Plan 1:1250 at A4 Landscape</p> |  |
| <p>© Crown copyright and database rights 2017. Ordnance Survey 100017681.</p> | <p>0 25 50 75 100 125 150 metres</p> | |
| <p>12 September 2019</p> | <p>1:1250</p> | |