

## CABINET

25 April 2017

This report is submitted under Agenda Item 11. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to avoid any further delay in the signing of contracts with the developer.

<b>Title:</b> Redevelopment of Former Garage Site at Burford Close, Dagenham	
<b>Report of the Cabinet Member for Finance, Growth and Investment</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Becontree	<b>Key Decision:</b> No
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<b>Accountable Director:</b> David Harley, Acting Head of Regeneration	
<b>Accountable Strategic Director:</b> John East, Strategic Director of Growth and Homes	
<b>Summary</b>	
<p>The proposed site is a vacant and derelict garage site which is owned by the council. The site has been derelict for a number of years and has been a magnet for anti-social behavior problems.</p>	
<p>The site was identified by one of the Ward Councillors as a site that would be of benefit from redevelopment and which would also enhance the borough.</p>	
<p>The garages were demolished in December 2015. As this site is located to the rear of gardens and shops the only use that could receive planning permission and deal with the requirement for new homes for residents would be the development of single storey housing for older persons and/or wheelchair users. Ward members and residents were consulted on the proposed demolition of the garages and the proposal to develop homes for the elderly and wheelchair users all of which were greatly received.</p>	
<p>Officers have progressed with design and subsequent planning permission was approved 12 December 2016 for the development of 4, 1 bed bungalows for elderly residents who wish to downsize and 2, 2 bed wheelchair adaptable units. The funding for the development has been identified from HRA capital and £450,000 from the Right To Buy receipts.</p>	
<p>It was thought that this site was included within list of sites to be developed as part of the infill developments site within the current Infill Sites Programme which had been reported to Cabinet. It has since been found that the site was not included within the list that was agreed by Cabinet for development. This site it is however, included within the HRA Estimates and Review of Rents and Other Charges Cabinet report 19 January 2016</p>	

(Minute 83) with a budget of £1.1m.

Since the budget was set and the granting of planning permission for the proposed development the proposed plans have been developed further which has resulted in budget being reviewed. This budget review was reported to Cabinet HRA Estimates and Review of Rents and Other Charges 13 February 2017 (Minute 7).

Jerram Falkus Construction Limited has been selected as the preferred bidder following the procurement. In order to be able to formally appoint them to undertake the development it is necessary to have agreement by Cabinet for the development of Burford Road Garage Site.

### **Recommendation(s)**

The Cabinet is recommended to:

- (i) Agree that the Burford Close Garage Site can be included within the list of infill sites for redevelopment
- (ii) Agree that the site be developed for the use as residential homes for residents of statutory pensionable age and for wheelchair occupants
- (iii) Give retrospective approval to the procurement of a contract for the design and build of the development via the Council's New Build Housing Framework;
- (iv) Note the appointment of Jerram Falkus Construction Limited as the main contractor; and
- (v) Authorise the Strategic Director of Growth and Homes, in consultation with the Director of Law and Governance, to enter into the contract and all other necessary or ancillary agreements with Jerram Falkus [and/or other related parties].

### **Reason(s)**

To ensure the provision of the works for the redevelopment are compliant with EU Procurement legislation and the Council's Contract Rules.

The initiative will contribute to the Council Priority of 'Growing the Borough'.

## **1. Introduction and Background**

- 1.1 The proposed site is a vacant and derelict garage site which is owned by the Council. The site has been derelict for a number of years and has been a magnet for anti-social behavior problems.
- 1.2 The site was identified by one of the Ward Councillors as a site that would be of benefit from redevelopment and which would also enhance the borough.
- 1.3 The garages were demolished in December 2015. As this site is located to the rear of gardens and shops the only use that could receive planning permission and deal

with the requirement for new homes for residents would be the development of single storey housing for older persons and/or wheelchair users. Ward members and residents were consulted on the proposed demolition of the garages and the proposal to develop homes for the elderly and wheelchair users all of which were greatly received.

- 1.4 Officers have progressed with design and subsequent planning permission was approved 12 December 2016 for the development of 4, 1 bed bungalows for elderly residents who wish to downsize and 2, 2 bed wheelchair adaptable units. The funding for the development has been identified from HRA capital and £450,000 from the Right To Buy receipts.
- 1.5 It was thought that this site was included within list of sites to be developed as part of the infill developments site within the current Infill Sites Programme which had been reported to Cabinet. It has since been found that the site was not included within the list that was agreed by Cabinet for development. This site it is however, included within the HRA Estimates and Review of Rents and Other Charges Cabinet report 19 January 2016 (Minute 83) with a budget of £1.1m.
- 1.6 Since the budget was set and the granting of planning permission for the proposed development the proposed plans have been developed further which has resulted in budget being reviewed. This budget review was reported to Cabinet HRA Estimates and Review of Rents and Other Charges 13 February 2017 (Minute 7).
- 1.7 Jerram Falkus have been appointed through the framework process as the developer for the site. In order to be able to formally appoint them to undertake the development it is necessary to have agreement by Cabinet for the development of Burford Road Garage Site.

## **2. Proposal and Issues**

- 2.1 Jerram Faulks were successful through a mini competition via the Council's New Build procured framework and have proceeded to undertake structural drawings. The developers have also financially committed time and expense in appointing architects, structural engineers, electrical engineers to commence with the proposal. The development of this site will enable the authority to provided much needed housing for some of the boroughs most vulnerable communities.
- 2.2 Six Construction companies were invited to bid under the Council's New Build Housing Framework. The contract is based on JCT D & B Contract and the selection criteria based on 40% Price and 60% Quality. Three companies submitted bids and assessment was completed in accordance with the Council's Contract Rules and the published tender evaluation criteria, with a recommendation to appoint Jerram Falkus Construction Ltd
- 2.3 The Council owns the site and will need to agree with owners whose gardens abut the site to gain access to undertake the development. This will be sought via a Party Wall surveyor. The proposal has been consulted with ward members and surrounding residents who are in favour of the development.
- 2.4 **Estimated Contract Value, including the value of any uplift or extension period.**

Total Value is £1,489,961.61 (includes 5% contingency) using JCT D & B Contract

**2.5 Duration of the contract, including any options for extension.**

18 months

**2.6 Is the contract subject to (a) the (EU) Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?**

Not applicable

**2.7 Recommended procurement procedure and reasons for the recommendation.**

Procurement process was through a mini competition via the Council's New Build Housing Framework and the appointment is to undertake design and build. This was chosen as the most cost effective solution for the development.

**2.8 The contract delivery methodology and documentation to be adopted.**

Details are set out in paragraphs 2.1 to 2.3 above.

**2.9 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.**

This development will ensure that the site is kept free from anti-social behaviour to local residents and that there will be no need for further security measures for the site. The site once developed the units will become new assets for the authority.

**2.10 Criteria against which the tenderers are to be selected and contract is to be awarded**

Following pre-tender consultation, tenders were received from the new build framework partners for development of the site. Of the six tenderers invited, three tenders were returned; Jerram Falkus Construction Ltd was identified as the successful Contractor to redevelop the Burford Close site. Assessment was based on 40% price and 60% quality.

**2.11 How the procurement will address and implement the Council's Social Value policies.**

This project requires contractors, suppliers and other project team members to be aware of and responsive to the needs of all residents regardless of background and circumstances. Contractors are required to demonstrate a commitment to supporting the Council's own teams in implementation of high quality customer care.

### 3. Options Appraisal

3.1 A summary of options is set out below:

Option	Advantages	Disadvantages
Do Nothing	There would be no financial cost to the council for no development	Opportunity to develop much needed housing for the elderly and wheelchair residents would be lost.
Refurbish the existing garages	Once refurbished it would bring in a small financial gain to the authority	It would require the whole site to be rebuilt. As the site was derelict and not used would not make financial sense to go down this route.

### 4. Consultation

4.1 Consultation has been undertaken with the ward members relating to demolition of the garages, on the proposal for development and on the plans prior to planning submission. Local residents were consulted on the demolition of the garages and of the proposed residential use of the site.

### 5. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

5.1 The use of the New Build Housing Framework, partially exempts the report from the requirement to openly procure the requirements in line with the process as detailed in the Contract rules.

5.2 The report has not been presented to the Procurement Board and has instead been authorised by relevant officers on the Board

5.3 The procurement process was conducted and concluded in advance of the formal decision being taken to approve the arrangements and, therefore, it is not possible to comment if the process followed is compliant with the framework provisions.

### 6. Financial Implications:

Implications completed by: Martin Sharp, Principal Accountant

6.1 The current capital programme includes a budget allocation of £1.5m across the 2016/17 & 2017/18 HRA Capital Programme, against project Burford Close (FC03056). The expenditure outlined in this report will be containable within this total budget allocation.

6.2 The actual expenditure profile is expected to be across the current & the next financial year.

6.3 The appropriate level of HRA capital resource (Major Repairs Reserve & Right to Buy Receipts) has been allocated against the project.

6.4 There are no revenue implications in this report.

## 7. Legal Implications

Implications completed by: Kayleigh Eaton, Contracts and Procurement Solicitor, Law & Governance

7.1 This report is seeking approval from the Cabinet to enter into a contract with Jerram Falkus for the development of 6 bungalows on the Burford Close Development. This report states that the contractor Jerram Falkus was identified as the winning bidder by conducting a tender exercise via the Council's New Build Framework, which has been procured through OJEU.

7.2 The Public Contracts Regulations 2015 (the Regulations) allows local authorities to select providers from established Framework Agreements and the Council's Contract Rule 5.1 (a) advises that it is not necessary for officers to embark upon a separate procurement exercise when using a Framework Agreement providing the Framework being used has been properly procured in accordance with the law and the procurement is made in line with the Framework terms and conditions. Subject to the terms of the framework being complied with this would appear to be a compliant tender exercise.

7.3 Due to the value of the Contract being in excess of £500,000 formal Cabinet approval will be required before the responsible directorate is able to enter into the Contract. Contract Rule 28.7 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval. Furthermore, In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contract following the procurement process with the approval of Corporate Finance.

7.4 The Law & Governance Team will provide support and advice in respect of entering into and sealing the the call off agreement and any other ancillary documents.

## 8. Other Implications

8.1 **Risk Management** – A risk management assessment will be undertaken as part of the development process.

8.2 **Contractual Issues** – These are set out in the Legal Implications above

8.3 **Staffing Issues** – The purchase of the site can be accommodated within existing workloads across a number of Divisions within the Council. Staffing issues relating to future use would be addressed as part of a future report.

8.4 **Corporate Policy and Customer Impact** - Issues would be addressed as part of a further report setting out proposals for the site should acquisition take place.

8.5 **Safeguarding Children** – As the properties are specially designed for older residents the impact on children will be minimal. The wheelchair properties have been designed to ensure if a child were to occupy the home who required the need of this specialist home they will be catered for in a safe environment.

- 8.6 **Health Issues** – The proposals will result in new, high quality homes, compliant with the London Housing Design Guide. It is anticipated that good design can have a positive impact upon health and well-being of borough residents, and improvements in public realm are projected to have a positive impact upon residents.
- 8.7 **Crime and Disorder Issues** – The proposals being developed will be subject to input from the Secure by Design officer, who will input into the design development of proposed new housing within the
- 8.8 **Property / Asset Issues** - The proposal would be an addition to the Council's asset register.

**Public Background Papers Used in the Preparation of the Report:** None

**List of appendices:** None