

Operational Decision Record

Publication Date: 09/08/2023	Decision Reference Number: 5001
Decision Title	
Eastglade new build development (phase B) – procurement approach for the direct award to a principal contractor.	
Decision Value	
Nil	
Revenue or Capital Spend?	
Capital	
Department	
Growth and City Development	
Contact Officer (Name, job title, and contact details)	
Paul Stanley, Head of Development, NCC Housing Services, paul.stanley@nottinghamcity.gov.uk	
Decision Taken	
To use the Fusion 21 Framework to appoint Lovell as the Principal Contractor via direct award.	
To agree that the decision represents value for money and is Best Value.	
Reasons for Decision and Background Information	
<p>The Eastglade new build housing development consists of 106 affordable council owned homes. The scheme has subsequently been split into two phases, A and B, each including 53 new homes.</p> <p>The principal contractor working on the site, Robert Woodhead Ltd, ceased trading in September 2022. At this point, build on half of the site was 88-79% completed (now Phase A), and 58-79% on the other (Phase B).</p> <p>Approval was granted on 13 January 2023 for a direct award for part of the scheme (phase A) to Lovell Partnership as the new principal contractor. The reason the site was split in half was to handover the more completed units quicker, due to the risk of them remaining empty and the small amount of works required to hand them over. Lovell re-started work to Phase on 3 July 2023.</p> <p>This decision relates to phase B of the scheme and the need to agree the procurement approach to appoint a principal contractor, whilst evidencing value for money. The preferred option is to retain Lovell on the scheme for continuity. This is due to the development already having had two different principal contractors and operationally it is undesirable to introduce a third contractor as this could lead to a complicated defects process and an increased amount of time for learning the project. It also introduces further mobilisation times owing to change over of contractors, subcontractors and plant etc. A single point of contact for all items effecting the scheme is the more desirable approach.</p> <p>Following discussions with the NCC Housing Services Procurement Manager and confirmed that the proposal to retain Lovell via a compliant procurement method it</p>	

was agreed that the use of the Fusion 21 framework would be most suitable as this provides a compliant procurement route for a direct award to Lovell.

Fusion 21 can demonstrate that a value for money assessment has taken place by utilising the submitted rates for all of their framework members – including Lovell. The framework was recently reviewed in April 2023 and Fusion 21 have provided a formal assessment that notifies NCC that Lovell can provide value for money as they are first/second cheapest on their framework.

The works to phase A are due to conclude in February 2024 and it is desirable that the works to phase B to start during this time or worst case follow on immediately. Failure to have the works follow on will lead to rent loss, security costs, insurance costs and an increased risk of anti-social behaviour. The estimated cost to address these factors is noted below:

- Rent loss £28k per month;
- Insurance £2k per month;
- Security £15k per month.

Therefore, a more expedient approval and appointment process, especially if it allowed phases to be overlapped, would be beneficial and overheads/losses reduced.

Notable factors

The swift commencement of works will result in the homes being occupied sooner with new tenants able to move in. The homes are due to be let via HomeLink and the swift commencement of works will allow households to move in sooner, increasing circulation in stock, and making available accommodation for those currently unsuitably housed or in temporary accommodation.

The site has been prone to anti-social behaviour including break ins, vandalism, stone throwing, and fires. As a result, it is necessary to have a significant security presence on site even, so the damage made to the properties in the time since September 22, is in the region of £30,000 mainly attributed to windows being smashed and EV charge points being stolen.

Once the original contractor ceased to trade, NCC had to put insurance in place, and this will be needed again should there be a delay in works to phase B commencing.

Any delays with the works to phase B may result in negative publicity and impact on the reputation of NCC.

Other Options Considered and why these were rejected

A tender process would result in a further 8-12 weeks before a contractor could start on site, if different to Lovell they would not be able to start until after Lovell completed in Feb 24.

A tender process could result in a third contractor being involved which would add another level of complexity with three contractors being involved. Opportunity for each to contractor to blame the other for inconsistencies leading to potentially higher costs for us to resolve.

Reasons why this decision is classified as operational

There is already an approved budget for delivering the scheme. Once costs are known then any further funding required will be subject to further approval via the relevant route depending upon the value involved.

Additional Information

Procurement

As referenced previously in this report the proposal to retain Lovell utilising a compliant procurement method was agreed that the use of the Fusion 21 Framework, that was published via a formal notice on "Find a Tender service" The opportunity description is for Refurbishment, Construction, New Build & Modular Building Framework, which is available to NCH/ NCC as a Fusion21 Consortium Members using Contract reference: 2022/S 000-036086.

The formal Tender was published on 20 December 2022 and was the most suitable as provides a compliant procurement route for a direct award to Lovell.

Jeremy Delderfield, NCC Housing Services Procurement Manager - 05/07/23

Legal

This decision seeks to use the Fusion 21 Framework to potentially appoint Lovell as the Principal Contractor via direct award. This proposal offers no significant legal concerns. Using the framework will provide a compliant route to market and meet the requirements of the Council's constitution.

Care should be taken to ensure that the specified contract for use under this framework meets the Council's needs and the Council is able to comply with any obligations that contract imposes on the Council.

Anthony Heath, Contracts and Commercial - 10/07/2023

Finance:

As referenced in the report the Eastglade scheme has been approved at Executive Board February 2020.

This operational decision does not increase this budget requirement or amend the funding mix and therefore does not require endorsement by the Capital Board prior to this decision being approved.

If the costs from Lovell to complete phase B is in excess of the remaining budget, then further approval will be required to amend the HRA Capital Programme.

Tom Straw, Senior Accountant (Capital Programmes) - 31/07/2023

Decision Maker (Name and Job Title)

Sajeeda Rose

Scheme of Delegation Reference Number

1

Date Decision Taken

02/08/2023