

EXECUTIVE BOARD – 20 January 2015

Subject:	Demolition and New Build Tender Awards for the Decommissioning and Regeneration Programme.		
Corporate Director(s)/ Director(s):	David Bishop – Deputy Chief Executive/Corporate Director for Development and Growth		
Portfolio Holder(s):	Councillor David Liversidge – Portfolio Holder for Community Safety, Housing and Voluntary Sector		
Report author and contact details:	Helen Wallace – Major Programmes Tel 0115 87 64965		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input checked="" type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
			<input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: £9,067,000			
Wards affected:	Date of consultation with Portfolio Holders:		
Basford, Bestwood, Bulwell, Clifton North, Clifton South, Dales, Radford and Park.	Councillor Liversidge: 10 December 2014 Councillor Chapman: 9 January 2015		
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input checked="" type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input checked="" type="checkbox"/>
Help keep your energy bills down			<input checked="" type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input checked="" type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
This report supports the Council's pledge to continue to build Council Houses and to bring all social housing up to the Decent Homes Standard. The City Council was advised that its bid, to the Homes and Communities Agency (HCA) Affordable Homes Programme 2015-2018 Grant, was successful in August 2014. This has provided the opportunity to develop sites that have been identified as suitable for affordable housing, which would allow the alleviation of anti-social behaviour due to the development of these sites. In this instance the new developments are broken down within Appendix A.			
Exempt information:			
None.			
Recommendation(s):			
1 To delegate authority for the awarding of the demolition tenders for all sites and the signing of the contracts, subject to tenders being returned within the funding envelope of £933,000 to the Deputy Chief Executive/Corporate Director for Development and Growth in consultation with the Portfolio Holder for Community Safety, Housing and Voluntary Sector and the Director of Legal and Democratic Service.			
2 To delegate the authority for the awarding of the new build tenders for 8 sites and the signing of the contracts, subject to tenders being returned within the funding envelope of £4,166,000 to the Deputy Chief Executive/Corporate Director for Development and Growth in consultation with the Portfolio Holder for Community Safety, Housing and Voluntary Sector and the Director of Legal and Democratic Service.			

- 3** To delegate the authority for the appointment of Nottingham City Homes (NCH) as the new build contractor for 3 sites (Trinstead Way, Hopedale Close and Colwick Woods Court), subject to costs being returned within the funding envelope of £3,968,000 and the demonstration of value for money, to the Deputy Chief Executive/Corporate Director for Development and Growth in consultation with the Portfolio Holder for Community Safety, Housing and Voluntary Sector and the Director of Legal and Democratic Service, and to grant dispensation from Contract Procurement Rule 5.1.2 under Financial Regulation 3.29.

1 REASONS FOR RECOMMENDATIONS

- 1.1 There is an opportunity on these sites for the Council to realise its ambition to provide high quality housing and actively regenerate the neighbourhoods within the 7 wards identified.
- 1.2 The awarding of the contracts will allow the new homes to be delivered within the timescale laid down within the HCA grant conditions.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The programme of new council house building, being delivered by NCH, is part of a much wider programme of delivery, being actively brought forward through council interventions and support. The City Council is working with registered providers and private sector development partners on a range of sites to bring forward additional housing, both open market and affordable.
- 2.2 The City Council was advised that their bid, to the HCA Affordable Homes Programme 2015-2018 Grant, was successful in August 2014. This provided the opportunity to develop sites that had been identified as suitable for affordable housing, which would allow the alleviation of anti-social behaviour due to the development of these sites. The costs will be financed from the HRA capital programme.
- 2.3 In accordance with the usual partnership procurement process, contractors from the Efficiency East Midlands framework, of which NCH is a member, will be invited to tender for the demolition on the 12 sites and the new build on 8 sites in February 2015. Church Square, as detailed in Appendix A, is not part of this new build approval.
- 2.4 The remaining 3 new build sites, known as Trinstead Way, Hopedale Close and Colwick Woods, have been identified as sites which are within the development capacity of NCH and are closely located, which will ease construction.
- 2.5 These 3 sites will be priced by NCH through the Direct Labour Organisation and will provide the best opportunities for the development of local jobs opportunities and further the aim of the creation of apprenticeships. On receipt of prices from NCH the costs will be reviewed against existing benchmarked figures prior to awarding the contract, to ensure that they provide value for money.
- 2.6 The new council homes delivered through the build programme will meet the energy efficiency equivalent to the former Code for Sustainable Homes level 4, meaning a lower carbon footprint and reduced bills for tenants. This will contribute towards the Nottingham Plan – our Sustainable Community Strategy – 2020. All of the properties will also meet the HCA quality standards for internal size to ensure that there is adequate space for families to live.

- 2.7 The designs will be subject to consultation and input from the local community and will create better connected and safer neighbourhoods by improving the quality of the built environment and through the Secure by Design framework which will help to both reduce crime and the fear of crime.
- 2.8 The total cost of the schemes has been calculated on the basis of market rates and benchmarking costs against similar developments. These costs will be adjusted when the tenders are returned and the contract let if it is within the approved funding envelope.
- 2.9 The estimated total cost is currently £933,000 for demolition and £8,134,000 for new build. The sum of £705,000 was approved from the new build budget in Delegated Decision 1734 (17 November 2014). These are estimates and will be confirmed upon receipt of tenders.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Not redeveloping these sites was rejected because of the Council's ambition to provide high quality housing and actively regenerate Nottingham's neighbourhoods.
- 3.2 Selling the sites for market housing development was rejected as the provision of council homes in these locations will support the Council's aims of regenerating communities.
- 3.3 Disposing of all the sites to a Registered Provider partner, for a reduced receipt in order for them to provide new affordable housing was rejected, because these sites are not marketable. Some of these sites are marginal in terms of development for affordable housing and therefore the HCA funding is critical to the delivery of the housing programme and the regeneration of these neighbourhoods.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 This report requests approval to award demolition tenders, subject to tenders being returned within the funding envelope of £0.933m and to award new build tenders, subject to tenders being returned within the funding envelope of £8.134m. The actual costs will be confirmed on receipt of tenders. The sites in this report have been successfully awarded £3.333m Homes and Communities Agency Grant as reported to Executive Board in November 2014.
- 4.2 The report proposes that three sites, Trinstead Way, Hopedale Close and Colwick Woods Court be awarded directly to NCH without competition, at an estimated cost of £3.968m, subject to value for money being demonstrated. It will be necessary to dispense with Contract Procedure rule 5.1.2 under Financial Regulation 3.29.
- 4.3 The total estimated cost of £9.067m can be met from existing provisions within the Housing Revenue Capital Programme for Decommissioning and Regeneration.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 5.1 The proposals set out in the report, of themselves, raise no insurmountable legal issues. However before any demolition contracts are awarded, or works commenced, the City Council will need to be sure that all outstanding third party interests have been fully and properly addressed. These will include, by way of

example, other freeholder and leaseholder interests, wayleaves, licences, tenancies and easements such as rights of way.

- 5.2 The development will create better connected and safer neighbourhoods by improving the quality of the built environment and through the Secure by design framework. This will help to both reduce crime and the fear of crime.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 NCH's commitment to being a major player in transforming the quality of life in Nottingham's neighbourhoods by tackling the unemployment and deprivation on our estates through direct employment, apprenticeships and social enterprise initiatives will promote NCH's principle of striving for the best.
- 6.2 Development is part of a wider programme of delivering or enabling quality new social housing either directly by the Council in partnership with NCH or with Registered Provider and other development partners throughout the City. In this way the City Council is enabling new quality affordable housing to meet the needs of residents, help to physically regenerate Nottingham's neighbourhoods and create new quality places where people want to live.
- 6.3 Included within the social benefits that will flow from the appointment of the NCH as a new build contractor, are the maximising of employment and training benefits.

7 REGARD TO THE NHS CONSTITUTION

- 7.1 Not Applicable

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 Yes, an EIA is attached as appendix B. Due regard has been given to the equality implications identified in the attached EIA.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 9.1 Executive Board report and minutes, 20 September 2011, "Housing Revenue Account Self Financing Programme – future implications for council housing stock"
- 9.2 Delegated Decision 1734, 17 November 2014, "Site Investigation and Early Design Works for Sites which form part of the successful Homes and Communities Agency (HCA) bid"
- 9.3 Executive Board Report and minutes, 18 November 2015, "Acceptance of the Homes and Communities Agency (HCA) Affordable Homes Programme 2015-2018 Grant and approval to proceed with the decommissioning of sites, the tendering of demolition contracts and the tendering of new build contracts"

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 10.1 None.

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

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