



ADUR & WORTHING  
COUNCILS

Executive Members for Customer  
Services  
20 June 2019

Decision to be taken on or after  
28 June 2019

Key Decision [Yes/No]

Ward(s) Affected:

## **Cecil Norris House - Award of contract for demolition and construction**

### **Report by the Director for Communities**

#### **Executive Summary**

##### **1. Purpose**

- 1.1. This report is to provide the Executive Members for Customer Services with information to be able to agree to the award of a contract for the demolition and construction of 15 new homes in Adur, at the former 'Cecil Norris House' site in Adur to Pilbeam Construction Ltd.
- 1.2. In addition, the Executive Members for Customer Services is recommended to approve a budget virement of £250,000 funded by a grant from Homes England.

##### **2. Recommendations**

###### 2.1. Recommendation One

To approve a budget virement of £250,000 funded by grant from Homes England;

## 2.2. Recommendation Two

To award the contract for the demolition of Cecil Norris House and the construction of 15 new homes for social rent, to Pilbeam Construction Ltd.

### 3. Context

3.1 Cecil Norris House is part of the Adur District Council (ADC) Housing Revenue Account (HRA) portfolio. A former sheltered scheme (with shared facilities), it was decanted in 2016 as it was no longer fit for purpose. In 2016 Councillors agreed to the redevelopment of the whole site and since that time a team has worked through a number of key stages.

3.1.1 Defining the business case for the site and agreeing an outline budget.

3.1.2 Appointment of a development project lead and project management team (RLF).

3.1.3 Site searches and development of architectural, and other detailed plans for the site, including extensive consultation with local residents and interested parties.

3.1.4 Secured planning permission for 15 units of affordable accommodation on the site (November 2018).

3.1.5 Issued a comprehensive tender for the whole project of demolition and construction of the site complying with Council procurement rules and policies.

3.1.6 Completed a detailed evaluation of each tender received (3) against the initial specification and latterly adjusted specification to ensure best value was achieved by the Council both in terms of quality, asset value and cost.

3.2 Having completed this process the recommendation to the Executive Member is to award this contract to Pilbeam Construction Ltd. Attached to this report is a confidential tender evaluation which outlines both the process and evaluative elements considered and provides the detailed rationale for this recommendation.

#### **4. Issues for consideration**

- 4.1 Given this is HRA land, the key considerations for this site from the outset have been achieving value for money whilst delivering new, quality homes for those on the ADC housing register. As a consequence the designs developed for the site are innovative and will make full use of new technologies to make the properties efficient for our tenants, as well as for ADC as landlord.
- 4.2 Following the tender process, it became evident however that over time, costs in some areas of construction have increased and therefore a review of the initial building specification has been completed to ensure the project can be delivered at the best value. None of the changed elements of the specification affect either the safety or efficiency of the building or require any changes to planning permission. They are largely changes to the materials to be used and or deemed cosmetic in nature.
- 4.3 Despite these amendments, it is necessary to request authorisation for the virement of up to £250,000 from the external funding to cover the expected costs of this contract. This can be approved by the Executive Member for Customer Services.
- 4.4 Alongside the processes described above in the delivery of this project, Officers have been in regular and detailed discussion with Homes England who are committed to supporting local authorities across the country to deliver more truly affordable homes. Officers have successfully applied for grant funding from Homes England which will not only cover these additional contract costs but significantly more, enabling the HRA to award this contract and move quickly to the next phase of demolition and construction.

#### **5. Engagement and Communication**

- 5.1 A multi-disciplinary team of officers and professionals has delivered the project to this stage as described. During the planning phases significant external consultation with local residents and others was completed. Executive Members have been kept apprised in updates and through committee reports.

## 6. Financial Implications

- 6.1 The initial budget set for the redevelopment of Cecil Norris House was £3.3m (including all professional fees) which was funded by a combination of capital receipts, borrowing and a small amount of government grant.
- 6.2 However, this budget was set some time ago, and in the intervening time the costs associated with construction have increased. At the same time, the Council has been successful in securing 30% external funding from MHCLG, so the amount funded by the Council has fallen improving the financial viability of the scheme

	Original estimate	Latest estimate
	£m	£m
Construction costs	3,000	3,250
Professional fees	300	300
Scheme cost	3,300	3,550
Funded by:		
Right to Buy receipts	990	990
Grant	227	1,065
New Development Reserve	48	0
Borrowing	2,035	1,495

- 6.3 The contract cannot be let without sufficient budget in place. Under the financial regulations, the Executive Member has the ability to approve a budget amendment of up to £250,000 provided that this is fully funded from external funding, income or transferred from another budget.

## 7. Legal Implications

- 7.1 Under Section 111 of the Local Government Act 1972 the Council has the power to do anything that is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

- 7.2 Section 1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 7.3 Section 1 of the Local Government (Contracts) Act 1997 confers powers on a Local Authority to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the Local Authority.
- 7.4 Under the Public Contract Regulations 2015 where a public authority is to enter into a contract for the supply of works which exceed the limits set out in the Regulations, any procurement exercise to contract for those goods and services must be conducted in accordance with the Regulations and a failure to do so may be declared upon receipt of a procurement challenge, anti-competitive and in breach of the Regulations.
- 7.5 At Appendix 1 there is an additional document which is exempt under the Local Government (Access to Information) Act 1985 as the information relates to the financial or business affairs of Worthing Borough Council. This information must be given due consideration and taken into account prior to the Executive Member reaching a decision.
- 7.6 In awarding the contract the Council must comply with the Council's Contract Standing Orders.

### **Background Papers**

- JSC 4th December 2018 - Housing Development Programme - update and progress report
- Platforms for Our Places
- Adur & Worthing Councils Housing Strategy 2017-2020 - 'Housing Matters'

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## **Sustainability & Risk Assessment**

### **1. Economic**

- The procurement of a construction contract for the development of new homes in Adur demonstrates the Councils commitment to the future prosperity of the district. This is a significant contract that will enable some local employment as well as supporting social objectives as described below and in Platforms for Our PLaces.

### **2. Social**

#### **2.1 Social Value**

- The provision of affordable homes in the district is a key objective for the Council as outline in Platforms for Our Places and in the Adur & Worthing Housing Strategy 'Housing Matters'. As the landlord to more than 2500 tenants, Adur District Council is committed to increasing the number of homes within the Housing Revenue Account and providing much needed homes for those on the ADC housing register.

#### **2.2 Equality Issues**

- Whilst the proposal to award this contract does not directly impact on Equality issues, the provision of affordable homes within the district does extend the Councils commitment to providing for those most in need as described above, providing much needed access to affordable housing for more residents.

#### **2.3 Community Safety Issues (Section 17)**

- The planning application for these properties has been considered by all relevant teams and no objections or issues in relation to community safety were raised. Good design however and bringing empty properties back into use, can only enhance the safety of the area.

#### **2.4 Human Rights Issues**

- Issues considered and none identified.

### **3. Environmental**

- The architectural design of these properties include a number of key features that support the Councils sustainability framework and agenda. Most notably smart and innovative technology that will provide benefits in terms of energy efficiency and cost effectiveness.

### **4. Governance**

- This proposal furthers the Councils objectives as outlined in Platforms for our Places and the Adur & Worthing Housing Strategy as described above.
- Throughout the process of agreeing the case for this construction project a number of reports have been submitted to the Councils Joint Strategic Committee, outlining the key objectives, financial planning and process to be followed.