

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Council Housebuilding Cabinet **Date:** Thursday, 21 August 2014
Committee

Place: Council Chamber, Civic Offices, **Time:** 6.30 - 7.54 pm
High Street, Epping

Members Present: Councillors D Stallan (Chairman), W Breare-Hall, Ms S Stavrou, G Waller and C Whitbread

Other Councillors: Ms H Kane, Mrs J Lea, Mrs A Mitchell MBE and Ms G Shiell

Apologies: Councillor R Bassett

Officers Present: A Hall (Director of Communities), P Pledger (Assistant Director (Housing Property and Development)) and J Leither (Democratic Services Assistant)

Also in attendance: I Collins (Pellings LLP) and Dan Read (East Thames Group)

1. SUBSTITUTE MEMBERS

The Cabinet Committee noted that Councillor C Whitbread substituted for Councillor R Bassett.

2. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Code of Member Conduct, A Hall, Director of Communities declared a personal interest in agenda item 5, Acceptance of Tender – Council Housebuilding Phase 1, by virtue of being a Board Member of Riversmead Housing Association, for whom it was understood, that one of the tenderers was currently undertaking a building contract. The Director had determined that his interest was not pecuniary and would remain in the meeting for the consideration of the issue. However the Director stated that he would take no further part in the discussion, from the time that he became aware that he had an interest.

3. MINUTES

Resolved:

(1) That the minutes of the last meeting held on 17 April 2014 be taken as read and signed by the Chairman as a correct record.

4. TERMS OF REFERENCE

The Director of Communities presented the amended Terms of Reference of the Cabinet Committee and advised that there was an error in Paragraph 14 which could be amended by a Leader's Decision.

Decision:

(1) That the Leader of the Council be recommended to make a Leader's Decision to amend the Cabinet Committee's Terms of Reference. Members agreed at a meeting of the Council Housebuilding Cabinet Committee on 17 April 2014 that Ward Members would be consulted on New Development Naming, as well as local councils. This was omitted from the subsequent Leader's Decision and the last amended Terms of Reference that followed on 16 May 2014.

Reasons for Decision:

To ensure all members of the Cabinet Committee are aware of the amended Paragraph 14 of the Terms of Reference.

Other Options Considered and Rejected:

None.

5. ACCEPTANCE OF TENDER -COUNCIL HOUSEBUILDING PHASE 1

The Assistant Director (Housing Property and Development) presented a report to the Cabinet Committee regarding the tender process for the Design and Build Contract for Phase 1 of the Council Housebuilding Programme.

The Assistant Director advised that a tender exercise had been undertaken in accordance with Contract Standing Orders for the Design and Build Contract for Phase 1 of the Council Housebuilding Programme which had resulted in 4 out of 5 tenders being returned. The tenders were then evaluated by Pellings LLP, the Employer's Agent acting on behalf of the Council's Development Agent, East Thames. However, it was recommended by Pellings LLP that any appointment should be subject to the Council undertaking a financial evaluation of the tenderers that were being considered which should be carried out and reported to the Cabinet Committee in order for a decision to be made on which tender to accept.

He advised that whilst all 12 of the Contractors on the East Thames Contractors Framework List were contacted, only 2 expressed an interest to tender. Therefore, a further 3 Contractors known to Pellings LLP, as having the necessary experience of working on similar schemes of size and nature, were added as a result. All of those invited to tender were registered on Constructionline and therefore could be invited to tender under the Council's Contract Standing Orders. The Tender List was made up of the following Contractors:

- Countryside Properties Ltd – (Original East Thames Contractors Framework List)
- Hill Partnership Ltd – (Original East Thames Contractors Framework List)
- Broadway Construction Ltd – (Suggested by Pellings LLP)
- Bugler Developments Ltd – (Suggested by Pellings LLP)
- MK Building Contractors (UK) Ltd - (Suggested by Pellings LLP)

Tenders were issued to all 5 Contractors listed above, based on a JCT Design and Build Contract using the designs approved by the Area Plans Sub-Committee and the comprehensive set of Council's Employers' Requirements. The pre-tender estimate for the works was £3,119,000

The tenders were received on 27 June 2014 and opened by the Housing Portfolio Holder on the same day. The tenders were registered as follows:

Tenderer	Place	Tender Sum
MK Building Contractors (UK) Ltd	1	£3,066,839.00
Broadway Construction Ltd	2	£3,245,143.62
Hill Partnership Ltd	3	£3,503,274.83
Bugler Developments Ltd	4	£3,744,504.97
Countryside Properties Ltd		Did not Tender

Arithmetical checks were carried out by Pellings LLP on all of the tenders received, with the two lowest tenders being analysed in detail. The tenders submitted by MK Building Contractors (UK) Ltd and Broadway Construction Ltd as lowest and second lowest respectively represented fully compliant bids.

Whilst a detailed tender evaluation report has been received from Pellings LLP, it was their recommendation that any appointment was subject to financial checks by the Council. Due to the limited time available to undertake this in advance of the Agenda being published, it was recommended that a further evaluation into the financial credit standing of the lowest and second lowest tenderers be carried out, and the outcome reported to the Cabinet Committee before a decision was reached.

The Chairman proposed that the meeting then went into private session to discuss the confidential part of this report.

6. EXCLUSION OF PUBLIC AND PRESS

Decision:

(1) That the public and press be excluded from the meeting for the items of business set out below on the grounds they would involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Subject</u>	<u>Exempt Information Paragraph Number</u>
5	Acceptance of Tender for Council Housebuilding Phase 1 (Revised)	3

7. ACCEPTANCE OF TENDER - COUNCIL HOUSEBUILDING PHASE 1 (CONTINUED)

The Assistant Director (Housing Property & Development) stated that this report was to be read in conjunction with the report on the acceptance of tenders for Phase 1 of the Council Housebuilding Programme at Agenda Item 5. This report considered the financial credit rating of each of the two lowest tenderers and ranked them as either high medium or low risk.

Councillor Whitbread proposed that this item should be deferred to the Cabinet meeting on the 8 September 2014 and that a more detailed report on the financial standing of all the tenderers be prepared and considered. Councillor Waller seconded this proposal.

Decision:

(1) That this item be deferred and an updated report with more information on the financial standing of all the tenderers be submitted to the Cabinet at its next meeting on 8 September 2014.

Reasons for Decision:

The Council Housebuilding Cabinet Committee had agreed to tender the works using the East Thames Framework Agreement, based on a Design and Build Contract. Therefore, this tender exercise satisfied that decision and had been undertaken in line with the Council's Development Strategy and the Council's Contract Standing Orders. However, in view of the recommendation by Pellings LLP, although a financial review had been undertaken of the lowest tenderers, similar information was not available on all of the other tenderers.

Other Options Considered and Rejected:

To accept the lowest (or second lowest) tender without undertaking a financial check on the remaining tenderers. However, this could expose the Council to the potential risk of entering into a high profile contract with a company financially unfit to complete the works.

8. INCLUSION OF PUBLIC AND PRESS**Decision:**

(1) That the public and press be invited back into the meeting.

9. NAMING OF NEW COUNCIL HOUSING DEVELOPMENTS - PHASE 1

The Director of Communities presented a report to the Cabinet Committee with regard to the naming of new Council Housing Developments – Phase 1. He advised that at its meeting in April 2014 the Cabinet Committee recommended to the Leader of the Council that the Terms of Reference for the Cabinet Committee be amended to incorporate the future naming of developments undertaken through the Council Housebuilding Programme. Since the Phase 1 development in Waltham Abbey was shortly due to commence on site, it was necessary to set out the approach that was to be taken when agreeing the street and building names and addresses.

The Director advised that it was the Council's legal responsibility, exercised through the Director of Neighbourhoods, to ensure that all new properties were allocated an appropriate address as it facilitated:

- Emergency Services locating properties;
- Consistency of property based information across local government databases and within the community;
- Reliable delivery for post and other such deliveries; and
- Location of address for visitors to the area.

The Director stated that the Council had already got in place a Policy that aids developers in suggesting street and building names, for which the Council had the power to approve or reject under the Towns Improvement Clauses Act 1847 (S64 and S65) in conjunction with S21 of the Public Health Act Amendment Act 1907.

Taking account of the Council's Policy, it was recommended that the Cabinet Committee considered and agreed the approach they wished to take in respect of street naming for the Phase 1 development sites.

The Chairman proposed, on the initial suggestion of the Director, that the Cabinet Committee considered the name "John Scott Court", for the 9 new flats to be built at Harveyfields, Waltham Abbey, in recognition of the Council's former Chief Housing Officer and District Health and Housing Officer, who retired in 2007 after giving 29 years' loyal service to the Council and residents of the Epping Forest District.

Members had welcomed and supported this proposal.

Decision:

(1) That, following the consideration at its last meeting and the subsequent Leader's Decision, the Cabinet Committee's approach to the naming of new developments be clarified as follows:

(a) that, subject to the Cabinet Committee already agreeing a suitable name for new Council housing developments or names not being required (e.g. where existing numbering can be utilised), Town and Parish Councils be invited to submit a list of 5 street names / property names in preference order for new Council housing developments in their locality, having regard to the Council's Street Naming and Numbering Policy;

(b) that the relevant ward members be consulted on the list of names submitted by Town and Parish Councils; and

(c) that the names of new streets or properties be determined by the Cabinet Committee, having regard to the list of names put forward by the Town and Parish Councils and the views of ward members;

(2) That the ten converted self-contained flats at Marden Close, Chigwell be numbered 1 to 10 Marden Close, Lambourne Road, Chigwell - with odd numbers given to ground floor flats and even numbers given to first floor flats;

(3) That, at Faversham Hall, Chigwell, the two new ground floor flats be numbered 13-14 Faversham Close, Chigwell and the existing first floor flat be numbered 15 Faversham Close, Chigwell;

(4) That the new Council housing development comprising 9 flats at Harveyfields, Waltham Abbey be named "John Scott Court", after the Council's former Chief Housing Officer and District Health and Housing Officer, - who retired in 2007 after giving 29 years' loyal service to the Council and the tenants and other residents of the Epping Forest District;

(5) That the four new Council houses to be provided adjacent to 12 Oakwood, Waltham Abbey be numbered 13 - 16 Oakwood, Roundhills, Waltham Abbey and the two new Council houses to be provided adjacent to 27 Greenleas, Waltham Abbey be numbered 29 and 31 Greenleas, Roundhills, Waltham Abbey; and

(6) That, in accordance with (1) above, Waltham Abbey Town Council be invited to submit a list of 5 street names / property names in preference order for Cabinet Committee to consider at a future meeting, after consultation with ward members, for the following new Council housing developments:

(a) comprising four houses and two duplex flats at the site of the former Red Cross Hall, Roundhills, Waltham Abbey (new street name required) ; and

(b) comprising two new houses to the rear of 66-72 Fairways (new property name required); and

(7) That the detailed address and numbering arrangements for all of the developments be agreed in consultation with the Director of Neighbourhoods.

Reasons for Decision:

There was a legal requirement that all streets were named and properties numbered. In line with the Terms of Reference of the Cabinet Committee it was required to consider and approve the naming of each new Council Housebuilding development, following consultation with the Parish or Town Councils and Ward Members in line with the Council's Policy on Street Naming and Numbering.

Other Options Considered and Rejected:

Since all new developments required an address and the Council had the legal responsibility to ensure streets were named and properties numbered, the only other options available were whether to name the addresses now or at a later date.

10. PHASE 1 AND 2 PROGRESS REPORT

The Assistant Director (Housing Property and Development) presented a progress report to the Cabinet Committee on Phases 1 and 2 of the Council Housebuilding Programme. He advised that in July 2013, February 2014 and April 2014, the Cabinet Committee considered feasibility studies, investment reports and progress reports for Marden Close and Faversham Hall conversions as well as Phases 1 and 2 of the Council's Housebuilding Programme. This report provided Members with an update on both the progress to date and the budget position.

Marden Close and Faversham Hall Conversion

In July 2014 the Housing Portfolio Holder agreed the appointment of PA Finley Limited to undertake the Design and Build Contract for the conversion of 20 bedsits at Marden Close and the ground floor of Faversham Hall into 12 self-contained 1 bedroom flats, in the sum of £819,861 (excluding the Development Agent's fees of around £70,000). The contract was currently being drawn up and the Date of Possession was estimated to be around the beginning of September 2014, after the detailed design had been completed by the Contractor. Completion was estimated to be 12 months later, around September 2015.

Phase 1

Earlier on the agenda the Cabinet Committee considered the tender for Phase 1 of the Council's housebuilding programme. However, this was referred to the Cabinet on 8 September 2014, once further financial checks on each of the tenderers had been carried out.

Phase 2

Since the Cabinet Committee agreed to progress with a 56-home scheme at the Burton Road site in Loughton as Phase 2 of the Council Housebuilding Programme, Pellings LLP, the Architects appointed by the Council's Development Agent, East

Thames, had undertaken consultation with the Council's Planning Officers and developed the designs in line with their observations around overlooking issues. This had resulted in a slight reduction from 56 new homes to 52. The mix, subject to planning permission will therefore be as follows:

- 2 x 2-bed houses
- 15 x 3-bed houses
- 13 x 1-bed flats
- 22 x 2-bed flats
- 27 off street parking spaces

The estimated cost for Phase 2 remained at around £8.9m with a £1.512m subsidy to achieve a 30-year pay-back and a positive NPV. This excluded the sum of £18,400 agreed by the Cabinet Committee as a financial contribution to the NHS to fund healthcare by way of a Unilateral Undertaking, subject to the money being specifically spent on services in the Loughton area.

Recommended:

(1) That the current progress with regard to Marden Close and Faversham Hall, as well as Phases 1 and 2 of the Council housebuilding programme be noted, and in particular a reduced number of new affordable homes proposed at Burton Road, Loughton as Phase 2 from 56 homes to 52;

(2) That the current budget position be noted, based on:

- (a) Marden Close and Faversham Hall tender sum already agreed by the Housing Portfolio Holder in the sum of £890,000 (Works and Fees) for 12 new self-contained flats;
- (b) Phase 1 tender to be considered by the Cabinet taking account of further financial checks on each of the tenderers for 23 homes at Roundhills and Harveyfields, Waltham Abbey; and
- (c) Phase 2 feasibility estimate of £8.9m (Works and fees) for 52 new homes at Burton Road, Loughton.

(3) That the Programme timetable at Appendix 1 of the report to the Cabinet Committee be noted.

Reasons for Decision:

It was a requirement that the Housebuilding Cabinet Committee received regular updates on progress and monitors expenditure against the Housebuilding budget as delegated by the Cabinet.

Other Options Considered and Rejected:

None, this report was for noting only.

11. OUTCOME OF HCA AFFORDABLE HOUSING GRANT APPLICATION

The Assistant Director (Housing Property and Development) presented a report to the Cabinet Committee regarding the Homes and Communities Agency (HCA) bid. The Assistant Director advised that following the launch of the 2015-18 Affordable Homes Programme Bid Prospectus by the HCA, the Council Housebuilding Cabinet Committee agreed at its last meeting in April 2014 that East Thames submit a bid on behalf of the Council for a total of £500,000 to subsidise the development costs of 40

new affordable homes, making up Phase 2 of the Council Housebuilding Programme. It was recently announced that this bid was successful, subject to the Council being able to achieve Investment Partner Status with the HCA and the Council being able to deliver the new affordable homes within the timescale of the Bid Programme 2015-18.

Resolved:

(1) That it be noted, the Council's bid to the Homes and Communities Agency (HCA) for £500,000 Affordable Housing Grant to subsidise the development of 40 new affordable homes as part of Phase 2 of the Council's Housebuilding Programme, made up of £12,500 per property, has been approved by the HCA.

(2) That it also be noted that the grant was conditional on the Council being able to achieve Investment Partner Status with the HCA and the Council being able to deliver the new affordable homes within the timescale of the Bid Programme 2015-18.

Reason for Decision:

This report is for noting only. No decision was required.

Other Options Considered and Rejected:

None, this report was for noting only.

12. DEVELOPMENT STRATEGY - YEAR 2 UPDATE

The Assistant Director (Housing Property & Development) advised the Cabinet Committee that this item had been withdrawn from the Agenda and would be reported to a future meeting.

13. RISK REGISTER UPDATE

The Assistant Director (Housing Property and Development) presented a report to the Cabinet Committee regarding the Risk Register which had been reviewed and updated by Pellings LLP.

The Chairman advised that the Risk Management Schedule print was too small and illegible and asked Officers if this could be enlarged for future reports.

Resolved:

(1) That the Programme-wide Risk Register for the Council Housebuilding Programme be noted; and

(2) That the Risk Management Schedule print be enlarged for future reports.

Reason for decision:

The Council's Housebuilding Programme was a major undertaking, involving significant amounts of money and risks. It was essential that the Officer Project Team and the Cabinet Committee record, monitor and mitigate those risks.

Other Options Considered and Rejected:

(a) Not to have a Risk Register – but it would not be appropriate to contemplate such an option; and

(b) To request amendments to the format or content of the Programme-wide Risk Register.

14. ANY OTHER BUSINESS

The Cabinet Committee noted that there was no other urgent business for consideration.

CHAIRMAN

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