

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Council Housebuilding Cabinet **Date:** Thursday, 19 December 2019
Committee

Place: Council Chamber - Civic Offices **Time:** 7.00 - 7.25 pm

Members Present: H Whitbread (Chairman), N Avey and A Patel

Apologies: Councillor J Philip and Councillor S Stavrou

Officers Present: D Fenton (Service Manager (Housing Management & Home Ownership)), J Cosgrave (Interim Development Housing Manager), J Leither (Democratic Services Officer) and V Messenger (Democratic Services Officer)

11. WEBCASTING INTRODUCTION

The Chairman reminded everyone present that the meeting would be broadcast live to the internet and that the Council had adopted a protocol for the webcasting of its meetings.

12. SUBSTITUTE MEMBERS

The Cabinet Committee noted there were no substitute members.

13. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

14. MINUTES

Resolved:

That the minutes of the meeting held on 18 June 2019 be taken as read and signed by the Chairman as a correct record.

15. ACCEPTANCE OF TENDERS

Deborah Fenton, Service Manager, Housing Management and Home Ownership presented a report to the Cabinet Committee advising that the report sought approval for the recommendations for Phase 4 as stated in the report.

The Council's house building programme was due to enter phase 4 of 6, to undertake the next phase of the council house building programme, it was necessary to undertake a tender exercise taking cost and quality into account to satisfy the Council's Procurement Rules.

Package 1, Phase 4 – Chequers Road (Site A) and Bushfields, Loughton

As Part of the Epping Forest District Council's Housebuilding Programme, Airey Miller Limited undertook a competitive tender process. The Tenders were received on the

27 September 2019 and opened on the 10 October 2019. Four companies were invited to tender with three accepting and one declining. All tenderers submitted a list of clarifications with the tender returns.

TSG Building Services PLC were the most competitive tenderer, based on cost and their clarifications were reviewed in detail. The clarifications have been deemed as low to medium risk.

Package 2, Phase 4 – Chester Road, Loughton

As Part of the Epping Forest District Council's Housebuilding Programme, Airey Miller Limited undertook a competitive tender process. The Tenders were received on the 27 September 2019 and opened on the 10 October 2019. Four companies were invited to tender with three accepting and one declining. All tenderers submitted a list of clarifications with the tender returns.

TSG Building Services PLC were the most competitive tenderer, based on cost and their clarifications were reviewed in detail. The clarifications have been deemed as low to medium risk.

Package 3, Phase 4 – Queensway, Ongar and Millfield, High Ongar

As Part of the Epping Forest District Council's Housebuilding Programme, Airey Miller Limited undertook a competitive tender process. The Tenders were received on the 4 October 2019 and opened on the 10 October 2019. Four companies were invited to tender with three accepting and one declining. All tenderers submitted a list of clarifications with the tender returns.

TSG Building Services PLC were the most competitive tenderer, based on cost and their clarifications were reviewed in detail. The clarifications have been deemed as low to medium risk.

Councillor A Patel asked if penalties had been put in place for late completion.

Mr J Cosgrave, Interim Housing Development Manager advised that there were liquidated damages which were limited to any anticipated housing income rental that would be lost if any of the units were delayed.

Councillor A Patel asked in terms of the build specification were the Council asking for an NHBC level specification, as noted in the report, the building control requirement was not tied in with the Council's in-house building control.

The Interim Housing Development Manager stated that in terms of the build quality specification it was in accordance with the building regulations so whether it was the Local Authority or NHBC Standards they would be at the same level of building control standards.

Councillor A Patel stated that his understanding was to get an NHBC warranty on a property were greater than what would typically be through building control.

The Interim Housing Development Manager advised that the NHBC was a warranty insurance provider and both the Local Authority and NHBC administrate two aspects, one was in terms of the building control requirement, which was a statutory requirement and the second, which the NHBC have, were insurance warranty conditions, which were born out of their insurance experiences that are more robust

than is covered under the building control requirement. Local Authority building control have a similar approach but use a separate warranty provider.

Councillor A Patel asked if the Council had tied in their in-house building control to be the approved building control for these developments.

The Interim Housing Development Manager advised that this process would be activated once the contracts had been signed. The inspection and warranty provision was a separate statutory function.

Councillor A Patel stated in terms of learning from the previous delays the Council have come across in Phases 1, 2 and 3, are you satisfied that the Contractor is liquid and that the issues which previously happened will not happen again.

The Interim Housing Development Manager advised that looking back through the historical events of the previous Phases 1-3 that lessons had been learnt. Phase 4 was a completely different process, there was a new employers agent and due diligence team of consulting engineers and advisers and the quality of the due diligence appeared to be much more robust. The Phase 4 contracts are more reliant upon a design and build responsibility being passed to the contractor even though a great deal of the work has been thought through and processed within the technical information provided.

Councillor A Patel asked in terms of the soil and the contamination surveys were they down to the contractor to provide or have the Council provided this information.

The Interim Housing Development Manager advised that as part of the process for Phase 4 the site investigations have been carried out by the Council's Development Team of advisors who have produced technical site investigation recommendations that have been novated to the Contractor and who will then be responsible for the information provided and ensure that they are satisfied as well.

Decision:

- (1) That, TSG Building Services PLC be awarded the contract to undertake the construction of 5 properties, Chequers Road and Bushfields, Loughton in the sum of £1,365,481 together with the proposed construction period of 48 weeks.
- (2) That, TSG Building Services PLC be awarded the contract to undertake the construction of 3 properties, Chester Road, Loughton in the sum of £747,395 together with the proposed construction period of 34 weeks.
- (3) That TSG Building service PLC therefore recommend acceptance of the tender submitted by TSG Building Services PLC be awarded the contract to undertake the construction of 6 properties, Queensway, Ongar & Millfield, Higher Ongar in the sum of £1,372,925.

Reasons for the Decision:

The Council's Procurement Rules requires a Cabinet decision when awarding contracts in excess of £1m. However, the Cabinet have delegated authority to the Council Housebuilding Cabinet Committee to agree all tenders associated with the Council's house-building programme as set out in its Terms of Reference. Authorisation to enter into a Build Contract is required to enable a start on site to be made and for these properties to be delivered.

Other Options Considered and Rejected:

To award the contracts to any other contractor that has tendered for the works.

16. PROGRESS REPORT FOR PHASES 2-6

Deborah Fenton, Service Manager, Housing Management and Home Ownership presented a report to the Cabinet Committee which gave an update of the progress that had been made across Phase 4 of the Council housebuilding programme that had either completed, were on-site or were currently being procured. Since the programme began a total of 91 new homes for affordable rent had been completed. There were 16 units still in progress from phases 1-3. There were a further 72 units still expected to be delivered under phase 4. An update on the Council's approach to phases 5 and 6 are provided in the report (CHB-006) on the agenda.

She advised that lessons had been learned regarding Phases 1-3 and the Council had undertaken some methodology re-engineering. Following the Audit (Feb 19), a decision was made that it would be prudent to re-evaluate the Council's approach to the programme. Several changes were made to improve the delivery of the programme. These changes have now been implemented and embedded. This will drive efficiencies and improve delivery times.

- a. Internal resources – A development manager had been employed to take the lead and hold responsibility for delivery.
- b. Procurement and Contracting - A new Employers Agent had been appointed together with a Principal Architect to procure the Contracted Works with the aim of reducing cost and delivery variation.
- c. Programme packages – Sites were now costed individually; this will drive an improved delivery time. The previous way of packaging sites (multiple sites in each phase) led to the whole Phase being delayed if an issue was found on one specific site.
- d. Internal processes – The Council have reviewed the financial reporting and have implemented an updated reporting system to support the budget process further. This would enable site-specific reports as appose to phase reporting in addition to a rolling 13-month cash flow.
- e. Executive and management reporting – The Council's Employers Agent has been instructed to supply an Executive Summary and Management Report. This will provide an overview for the Strategic Leadership Team and Members. In addition, the Management Report focuses upon the site by site issues to assist the development team's management of the programme.

Phase 4

Having implemented the changes to our methodology, the first group of sites had now been tendered. This forms the first group of 5 sites, to deliver 14 properties, within the 4th phase which will be capable of a start on site early in the New Year following completion of the contract, and subject to approval by the Cabinet Committee. There were a number of other packages which were currently being prepared.

Phases 5 & 6

Following a change in the methodology, the Council were commencing a review of other potential EFDC controlled sites. This exercise aimed to either build-out or sell to raise capital to purchase larger sites. Approximately 40 sites have already been

identified following a review several years ago. Once these potential sites have been assessed progress will be reported to the Cabinet Committee.

In addition to the above, we have been introduced to several potential development opportunities in third party control. These were currently being investigated with a view to the Council possibly acquiring these. The sites are larger and have the potential to provide an additional 22 units. Once these potential sites have been assessed progress will be reported back to the Cabinet Committee.

Councillor A Patel asked if there had been any problems with the sites in Buckhurst Hill as some of the sites had been partially cleared and then left.

The Interim Housing Development Manager advised that the demolition had been carried out in three stages, the first stage was to ensure that the planning consent was enacted therefore partial demolition by removing the garage doors was carried out and also partial contamination reports were submitted in order to make sure the planning consent did not lapse. The second stage was for most of the walls and roofs being removed in anticipation of the main contractor coming on site and finishing the third stage of demolition clearing the site. Due to the variation in levels on each site of asbestos contamination, this necessitated a slightly different approach than would normally happen.

Councillor A Patel raised the concerns of residents that when the garage doors were removed this brought a spate of anti-social behaviour, drug dealing dens and fly tipping that was happening at these sites. Councillor Patel wanted to reassure the residents that going forward with future schemes that this would not happen again.

The Interim Housing Development Manager stated that this happened due to the way the sites were packaged up, there was no understanding around the technical due diligence and constraints that each of the sites had. Therefore, the sites were originally packaged up in arbitrary geographical areas which progressed at variable rates and started to incur delays because one of the five or six packaged sites would have a technical issue.

The approach the Council were now taking was that each site would be reviewed individually and once technically appraised, assembled in a group of sites which made tendering a viable proposition in order to maximise the commercial environment, where the contracts are attractive enough the value of the tender to submit a good price.

Councillor A Patel stated that when the planning permissions for the Buckhurst Hill garage sites came forward I got a lot of complaints from residents for supporting the application. Residents were assured that those who had garages on these sites would be given an opportunity to relocate to other garages within the locality but this never happened as efficiently as the residents expected.

The Service Manager, Housing Management and Home Ownership stated that she was not aware of their being any issues but that she would get the relevant information and come back to the Cabinet Committee with further information.

Councillor H Whitbread, Chairman, added 91 homes delivered in the district was a great achievement and asked if it was realistic that the Council would meet their target of 300 new homes by 2024.

The Interim Housing Development Manager stated that 91 units had already been delivered, there were 16 units still in progress and a further 72 units in Phase 4 which would be delivered by January 2022 that equals 189 units. This leaves 111 units of the 300 unit target to find, plan and deliver by the year 2025 which should be achievable, if not exceeded.

The Service Manager, Housing Management and Home Ownership stated that the Council were aware of the net loss of properties regarding the right to buy and are currently working with finance around what would needed to be produced going forward to increase the Council's housing stock by 1% per year. We recognise as an Authority that our stocks should be increasing and not decreasing due to the right to buy.

Councillor A Patel asked of the sites that previously had planning permission agreed, how many of these permissions had lapsed and what were the Council going to do to resolve this.

The Interim Housing Development Manager advised that none had lapsed although they were in danger of lapsing as the permissions lapse for package 8 in Phase 4 on 25 January 2020. The Council have already programmed to do the first phase of demolition at the beginning of January and a programme in place to do the second phase of demolition and to address the issues of anti-social behaviour by boarding up the sites and making them secure.

Decision:

That the contents of this Progress Report on Phases 4 to 6 of the Council House Building Programme be noted and presented to the Cabinet in line with the Terms of Reference of the Council Housebuilding Cabinet Committee.

Reasons for the Decision:

To be noted and presented to the Cabinet in line with the Terms of Reference of the Council Housebuilding Cabinet Committee.

Other Options Considered and Rejected:

This report is on the progress made over the last 12 months and is for noting purposes only. There are no other options for action.

17. ANY OTHER BUSINESS

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

18. EXCLUSION OF PUBLIC AND PRESS

The Cabinet Committee noted that there were no items of business on the agenda that necessitated the exclusion of the public and press from the meeting.

CHAIRMAN