

To: City Executive Board
Date: 16 October 2018
Report of: Assistant Chief Executive
Title of Report: Award of construction contract

Summary and recommendations	
Purpose of report:	To seek project approval and delegated authority for the Assistant Chief Executive to award a construction contract for up to 8 units of housing for the Council.
Key decision:	Yes
Executive Board Member:	Councillor Mike Rowley, Housing
Corporate Priority:	Meeting Housing Need.
Policy Framework:	Housing Strategy
Recommendations: That the City Executive Board resolves to:	
<ol style="list-style-type: none"> 1. Note that the budget for this project was first approved within the 2017/18 Capital programme and Medium Term Financial Plan; 2. Approve the construction of up to eight units of housing for the Council on various sites within Oxford, as specified in this report; and 3. Delegate to the Assistant Chief Executive, the authority to award a construction contract to F1 Modular for up to 8 units of housing for the Council at a total cost of no more than £1.1 million. 	

Appendices	
Appendix 1	Risk Register

Introduction and background

1. This project delivers new Council homes on backland sites in Oxford. Two sites have already secured planning permission for 7 bungalows and a third for another unit has been submitted.

2. The developments sites are at Mortimer Drive – a disused garage site and, Bracegirdle Drive, a disused play area. The third site is at Broad Oak. They are from a register of similar sites owned by the Council across the City. The units will be owned and managed by the Council within the Housing Revenue Account and let at Social Rents.
3. In October 2017 the Project Manager approached the LHC Framework for delivery of the units through volumetric offsite manufacture. LHC covers offsite construction and installation of volumetric construction systems.
4. It was considered that these sites would be suitable for off-site manufacturing methods as a pilot for future development sites. Reducing the time required in construction on site lessens the impact of works on neighbouring homes and streets as well as potentially offering cost savings. Factory built units also involve less waste and usually produce less defects.
5. Both the Mortimer Road and Bracegirdle Drive sites have achieved planning consent and the detailed designs are being prepared. The single home at Broad Oak is subject to a current planning application. Should this application not be successful the total cost of the contract would be reduced accordingly.
6. This report requests that the Assistant Chief Executive be authorised to make a compliant Direct Award to the selected contractor through an existing framework agreement.
7. The proposed contract value is £1.1 million. F1 Modular was identified from a LHC framework specializing in the off-site construction of new homes and has been working with the Council for a year to progress the project.
8. If approved these homes will be the first delivered in Oxford under the recently signed housing deal attracting £55,000 per home, greatly reducing the cost of their provision to the Council.

Procurement process

9. LHC is a leading provider of free-to-use framework agreements used by local authorities, social landlords and other public sector bodies to procure works, products and services for the construction, refurbishment and maintenance of social housing and public buildings.
10. The LHC Framework for fully OJEU compliant, pre-tendered framework agreement covers offsite construction and installation of volumetric construction and F1

Modular is listed as a supplier.

11. Following a difficult process in generating interest from manufacturers for these small schemes, F1 Modular were identified as suppliers of choice to deliver the entirety of each scheme.

Construction Contract

12. The Council's Development Manager, along with advice from the Council's appointed Employer's Agents recommends the use of a JCT (Joint Contracts Tribunal) Design and Build form of contract, with each site forming a separate contract. The contracts will provide a fixed price sum on the basis of the build in accordance with the planning permission and the Employers Requirements for each site.

Financial implications

13. The Medium Term Financial Plan and 2017/18 Capital Projects Programme originally approved a total budget of £1.6million. This includes an appointment of an external project manager, the construction contract and transfer of land between the General Fund and Housing Revenue account.

14. The value of the land transfer is estimated at £80k.

Construction Costs

15. The construction costs for eight units are estimated at £1.1 million, an average cost per unit of £137,500k. These costs are competitive in terms of general build costs, cheaper than current prices for traditional build and are within the Capital Projects Budget.

Legal Implications

16. The proposed construction contract has been procured in accordance with the Council's Procurement rules. It is proposed that JCT Design and Build contracts will be used.

Level of risk

17. A Risk Register is attached at Appendix 1.

Equalities impact

18. The new properties are designed to meet the following industry standards:

- Lifetime Homes Standard;
- Wheelchair Housing Design Guide;
- Secure by Design

19. Contractors will need to show how they will support the Council’s commitment to training and development opportunities for local people, use of local labour, and apprenticeships.
20. The location of the offsite manufacturing factory means that the contractor will have difficulty applying local supply chain and employment to Oxford for the unit construction. There may be opportunity in using local labour for external works and drainage on the sites themselves.

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Background Papers: None