



COUNCIL EXECUTIVE

PROCUREMENT ARRANGEMENTS – DIRECT AWARD TO BARRATT HOMES FOR CONSTRUCTION OF 33 HOUSES

REPORT BY HEAD OF CORPORATE SERVICES

A. PURPOSE OF REPORT

To seek Council Executive approval to make a direct award to Barratt Homes for the construction of 33 homes at a site in Brucefield, Livingston as part of the new build council houses programme.

B. RECOMMENDATION

It is recommended that Council Executive approves the direct award to Barratt Homes for the construction of 33 homes at a site in Brucefield, Livingston, with a total cost not exceeding £4.4million.

C. SUMMARY OF IMPLICATIONS

I	Council Values	Focusing on our customers' needs
		Being honest, open and accountable
		Providing equality of opportunities
		Making best use of our resources
		Working in partnership
II	Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	Award will be in accordance with Standing Orders of West Lothian Council, and the Public Contracts (Scotland) Regulations 2015
III	Implications for Scheme of Delegations to Officers	None
IV	Impact on performance and performance Indicators	None
V	Relevance to Single Outcome Agreement	None

VI	Resources - (Financial, Staffing and Property)	The agreed cost of the project is £4.4 million, which is included in the new build council houses budget of £51.05 million, approved by full Council on 19 th February 2019.
VII	Consideration at PDSP	The proposed development forms part of the council's 250 new build houses programme which was approved on 13 February 2018. Regular updates on the programme are considered by the Services for the Community PDSP.
VIII	Other consultations	External and internal legal advice has been sought as to using this procedure. The specification has been provided by Housing. The Corporate Finance Manager was consulted on budget implications.

D. TERMS OF REPORT

D1 Background

West Lothian Council has embarked on three new build council house programmes over the past ten years. Lessons have been learned from each phase and there is considerable experience to draw upon to inform the procurement approach for the next phase of new build council housing.

The direct award to Barratt Homes of £4.4 million, is being progressed as part of the approved housing capital programme for 250 houses across West Lothian. The agreed budget for completion of the 33 homes at Brucefield, Livingston, is £4.4million.

D2 In House Capability

The scale of the build is too large for Building Services and therefore requires to be procured externally.

D3 Procurement Issues

In accordance with the council's Affordable Housing Supplementary Guidance, housing developers are required, subject to certain conditions, to make land available for the development of affordable housing.

Barratt Homes are transferring the land at Brucefield to the council and have investigated the opportunity of the developer building and handing over completed affordable units at an agreed price. The reasons for recommending this approach address the following practical challenges:-

- The availability of grant from Scottish Government, to assist in the construction of affordable housing units is, at present, only committed until

March 2021. Any delay in projects, which complete beyond this period may compromise this funding stream.

- The proposed affordable housing site can only be accessed directly through the greater housing development, controlled by Barratt Homes. This grants Barratt Homes exclusive rights to the land within the timescale we have for accessing and spending the Scottish Government grant.
- The house types and layout submitted by Barratt for the affordable housing site have been agreed with council officers and the project has been submitted for planning approval. Any alternative proposition by a third party will require full re-design, a separate planning submission and a tendering exercise to secure a successful alternative contractor. It is estimated that this process would delay site start by 12-18 months, by which time the grant will be inaccessible. The option of a second builder setting up a compound and developing new housing in such a constrained environment would present several health and safety challenges, which would be difficult to overcome. This would also not be possible in a timescale to suit access to the grant.

Independent advice has been sought from construction cost consultants to check the price offered and the scheme offers value for money against current market rates. Barratt Homes have indicated the affordable housing site could commence development in spring 2019, with a project completion in 2020, which would be within the timescale to access the grant.

The housing mix would be as follows:

11 x 3 bedroom terraced houses

16 x 2 bedroom cottage flats

6 x 2 bedroom bungalows

These are Barratt house types, however their normal specification has been amended slightly to meet the council's requirements.

External legal advice, has been sought prior to recommending this procurement route. Direct award was noted as the only route as Barratt Homes have exclusive rights of ownership of / access to the development site and the wider land of which the site forms part, all of which means that Barratt Homes is the only party with whom the Council can contract for the affordable housing works. The direct award proposed will allow work to start in 2019 with the grant being spent within its timescales. It should be noted that the construction price offered by Barratt Homes is below OJEU level spend (£4,551,413) but above regulated spend (£2,000,000). Council Executive approved a similar direct award to Bellway Homes on 18 December 2018.

Standing orders state for this level of spend (£4.4 million) 5 tenders should be sought or Council Executive approval obtained for other procurement processes. Council Executive approval is sought to make the direct award to Barratt Homes following the negotiated procedure for exclusive rights reasons under Procurement

Regulation 33 (1).

D4 Sustainability Considerations

Barratt Homes is currently building private homes on the adjacent site, resulting in less impact on the environment and the local community due to there only being one set of contractors' traffic on the site and surrounding area.

D5 Budget Implications

The agreed cost of the project is £4.4 million, which is included in the overall budget of £51.05 million approved by full Council on 19 February 2019

D6 Consideration at PDSP

As this report is simply seeking authority to make a direct award for the construction of houses, there is no requirement for consideration at PDSP. However, regular updates on the progress of the four year housing capital programme will continue to be presented to Services for the Community PDSP.

E. CONCLUSION

It is recommended that the Council Executive approves the direct award to Barratt Homes for the construction of 33 houses for the price of £4.4million, as detailed in Section D above.

F. BACKGROUND REFERENCES

A copy of the specification for this contract is available on request from Corporate Procurement.

Appendices/Attachments: None

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