

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 05 January 2015

Portfolio:	Environment and Health and Housing
Subject:	Award of Contract - Construction of Six Passivhaus Homes at Coldeast Close, Sarisbury
Report of:	Director of Community
Strategy/Policy:	Housing Strategy
Corporate Objective:	A Balanced Housing Market

Purpose:

This report seeks approval to enter into contract with a selected developer for the construction of 6 x 2 bedroom Passivhaus homes at Coldeast Close in Sarisbury.

Executive summary:

On 7th April 2014 the Executive approved a provisional budget to fund the construction of 6 new affordable homes at Coldeast Close in Sarisbury. In addition to providing much needed rented homes, the project will showcase the merits of building to the rigorous 'Passivhaus' standard and will inform future development expectations for Welborne.

Since the last report, the design for the homes has been set and planning permission has been secured. In addition, £120,000 of grant funding has been secured via the Homes and Communities Agency 2015-2018 Affordable Homes Programme to help meet the costs of construction.

A two stage competitive tender has been conducted to identify a suitable contractor to construct the scheme. Approval is sought from the Executive to enter into contact with the recommended contractor and bring the scheme forward.

Recommendation/Recommended Option:

That the Executive:

- a) Notes the level of grant funding secured from the Homes and Communities Agency to support delivery of the project;
- b) Approves a revised budget of £1,000,000 in light of the funding secured and the costs of construction confirmed by the tender; and
- c) Authorises the Director of Community to enter into contract with Interserve Construction Limited to complete the proposed development

Reason:

To enable new affordable homes to be built, which will meet local housing needs, inform future housing construction at Welborne, and contribute to the corporate objective of enabling 500 new affordable homes by 2017.

Cost of proposals:

The confirmed budget required for this development is £1,000,000. This will cover the cost of construction and all on costs associated to the development.

The contract sum for the cost of construction is £838,799.82. This will be met from the Housing Revenue Account and funding secured from the HCA.

Appendices:

A: Schedule of Tenders - Confidential

Background papers:

- Report to the Executive for Decision 7th April 2014 – Affordable Housing Programme 2015-18

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 05 January 2015

Subject: Award of Contract - Construction of Six Passivhaus Homes at Coldeast, Sarisbury

Briefing by: Director of Community

Portfolio: Environment and Health and Housing

INTRODUCTION

1. The purpose of this report is to secure approval from the Executive to award a contract to the recommended building contractor to construct 6 new Passivhaus homes at Coldeast Close, Sarisbury Green.

BACKGROUND

2. Passivhaus is an approach to building design developed in Germany in the 1980's that aims to achieve consistent internal ambient temperatures with minimum reliance on heating and cooling services. As such, Passivhaus homes have the potential to provide a high level of occupant comfort while significantly reducing utility bills. The Council has set a target that 10% of homes in Welborne will be Passivhaus Certified.
3. To achieve the standard, homes must be built with meticulous attention to detail ensuring specific requirements are achieved in terms of air tightness, air circulation, and solar gain. The build process will typically involve very high levels of insulation, extremely high performance windows with insulated frames, airtight building fabric, 'thermal bridge free' construction, and a mechanical ventilation system with highly efficient heat recovery. As the fabric of the building itself achieves high levels of energy efficiency the need for mechanical 'bolt on' technology such as solar panels is reduced.
4. Passivhaus is still a relatively new concept in the UK. There are presently no such homes in Fareham and only one in Hampshire. The standard has more commonly been used on bespoke housing projects rather than standard and affordable housing development. As such there is limited knowledge locally and it is understandable that volume house builders working in the area may be apprehensive about building to such standards.

This exemplar housing scheme aims to explore the challenges of achieving the exacting Passivhaus standard and showcase the benefits of doing so, both to house builders and local residents. It is anticipated that the project will demonstrate that Passivhaus is a viable method of achieving highly energy efficient housing. The knowledge gained from

the project will serve to inform future housing development at Welborne, (where 10% of new homes will be built to Passivhaus standard) and in the Borough as a whole.

THE PROPOSAL

5. Through the acquisition of 4 houses in Coldeast Close, Sarisbury the Council has secured a small area of land suitable for residential development. The land consists of former garage access and 4 large back gardens to the homes in the Council's ownership. The land is a recognised housing site in the Council's Local Plan.
6. Full planning permission was secured in July 2014 to construct 6 x 2 bedroom Passivhaus homes along with associated parking and landscaping. Each home benefits from a private back garden which shall be supplied with external storage and drying facilities. Once completed the homes will be let at 'affordable rents' to households registered on the Council's Housing Waiting List.
7. Since securing permission, detailed design work has been completed prior to tendering the construction contract. Whilst this is not the typical approach to a 'design and build' project it was viewed as an important step to ensure the attention to detail needed was captured within the tender process and the subsequent contract. Site preparation work has also been undertaken in an effort to ensure a start on site can be achieved in early Spring 2015.

THE TENDER PROCESS

A two-stage competitive tender exercise has been conducted to select a design and build contractor with the appropriate skills and experience to construct the Passivhaus homes.

8. The first stage was in the form of a Pre-Qualification Questionnaire (PQQ) placed on the South-East Business Portal, which was made open to all to apply. A total of 13 submissions were received. Each submission was assessed to determine relevant skills, experience and expertise to establish a shortlist of 4 companies to invite to complete the second stage.
9. The second stage of the tender process was assessed upon cost only. Interserve Construction Limited submitted the most competitive tender. The company have a regional office in Southampton and have experience of building Passivhaus in both commercial and residential buildings elsewhere in the UK.

FINANCIAL IMPLICATIONS

10. The contract sum submitted by Interserve totals £828,299.82. This is offered as a fixed sum to cover the cost of design and construction to practical completion. There are two items of work not included in the proposal, which will be included as provisional sums. These relate to the provision of lighting on the site and connection of sewer services. Our appointed Surveyor has recommended a provisional sum of £10,500 to cover this work, resulting in a final contract sum of £838,799.82.
11. In April 2014 the Executive approved a provisional total budget (excluding land acquisition) of £854,000 to be funded by the Housing Revenue Account. This figure was based upon officer projections of the likely construction cost. Subsequent to setting the budget the Council successfully secured £120,000 to help fund the development via the Homes and Communities Agency's 2015-2018 Affordable Homes Programme. In light of the now confirmed cost of construction and to enable the project to progress, the

total budget needs to be increased to £1,000,000 inclusive of the funding secured.

TIMETABLE FOR DELIVERY

12. If approval is given to enter into contract, it is anticipated that construction shall commence in April 2015. Construction is anticipated to take circa 50 weeks to complete.

Reference Papers: