

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 06 October 2014

Portfolio:	Health and Housing
Subject:	Award of contract for the construction of 16 flats at Palmerston Avenue
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 a new affordable housing scheme in Fareham Town Centre.

Executive summary:

The Council has a corporate objective to enable the delivery of 500 new affordable homes by 2017.

The Council owns a car park at the bottom of Palmerston Avenue for which planning permission has been secured to construct 16 new 1 bedroom flats for rent. The Council applied for and has secured a grant of £320,000 towards the build cost from the Homes and Communities Agency.

A building contractor has been selected on a competitive basis via the 'Hampshire IESE' framework to construct the flats.

Approval is sought to enter into contract with the selected building contractor and to accept the grant from the Homes and Communities Agency.

Recommendation/Recommended Option:

That the Executive:

- (a) approves a revised budget of £1,950,000;
- (b) notes the level of grant funding secured from the Homes & Communities Agency (HCA) to support delivery of the project;
- (c) delegates authority to the Director of Community, in consultation with the Executive Member for Health and Housing, to accept the grant conditions and enter into contract with HCA; and

(d) delegates authority to the Director of Community, in consultation with the Executive Member for Health and Housing, to enter into contract with Brymor Contractors Ltd to construct the proposed development.

Reason:

To enable new affordable homes to be built at a highly sustainable location, which will meet local housing needs and contribute to the corporate objective of enabling 500 new affordable homes by 2017.

Cost of proposals:

The confirmed budget required for the development is £ 1,950,000. This will cover the cost of construction and all on-costs.

The contract sum for the cost of construction is £1,797,767. This will be met from the Housing Revenue Account and funding secured from the HCA.

Background papers:

- Report to the Executive for Decision 7th April 2014 – Proposed Affordable Housing Programme 2015 – 2018
- Report to the Executive for Decision 10th June 2013 – Development of land at Palmerston Avenue

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BOROUGH COUNCIL

Executive Briefing Paper

Date: 06 October 2014

Subject: Award of contract for the construction of 16 flats at Palmerston Avenue

Briefing by: Director of Community

Portfolio: Health and Housing

INTRODUCTION

1. The Council owns a small parcel of land adjoining the shopping centre at the bottom of Palmerston Avenue, which is currently used as a private car park.
2. The land is an allocated housing site in the Council's Local Plan. Full planning permission was secured in July of this year for the construction of 16 x 1 bedroom flats with associated landscaping and car parking.
3. The planning permission was secured in partnership with Brymor Contractors Ltd, who were appointed by the Council following a competitive tender through the Hampshire iESE framework.
4. A fee for the construction work has been negotiated with Brymor Contractors Ltd and tested by the Council's appointed surveyors. The fee represents a reasonable cost for undertaking the work and approval is now sought to enter into contract to get the development underway.

THE PROPOSAL

5. Over the past 18 months officers have been working on proposals for the development of 16 x 1 bedroom (2-person) flats at Palmerston Avenue. The proposed development shall be built to Lifetime Homes, Secured by Design, and Code for Sustainable Homes level 4 standards. This will result in a building which is adaptable to meet different individual needs, safe and secure, and efficient to run.
6. Each of the flats will benefit from its own private terrace or balcony, with shared parking and bicycle storage facilities. One unit shall be built to full wheelchair design standards and benefits from larger living spaces, a level access shower, and allocated disabled parking bay.
7. It is intended that all of the flats will be let to existing tenants seeking to downsize and other residents from the Council's Housing Waiting List.

THE TENDER PROCESS

8. To achieve this development the Council opted to procure contractor services via the Hampshire iESE framework. Through this framework a single contractor is selected before the planning application stage, to provide pre-construction advice and work with the design team to secure planning permission. Once permission has been secured the contractor and client agree a fixed price contract for the construction work.
9. Brymor Contractors Ltd was the successful tenderer. Once selected they were tasked with achieving a suitable design for the scheme and securing planning permission. It was agreed by both parties that once this stage was completed, a fixed price for the construction work would be negotiated, but there was no obligation on either side to proceed with the development should the terms prove unfavourable.
10. Full planning permission was secured in July 2014 and officers have since been working with the selected contractor to determine an appropriate fee for completing the construction work.

FINANCIAL IMPLICATIONS

12. The proposed contract sum for the construction of the development is £1,797,767. This has been tested and negotiated by our selected firm of quantity surveyors to ensure it is a suitable and competitive sum. The price is considered to be a fair reflection of inner urban development costs in the current climate and also reflects materials and labour shortages experienced over the last year, which is inflating prices. Combined with on-costs this brings the expected total capital development costs to £1,950,000.
13. A provisional budget of £1,850,000 was agreed by the Executive in April of this year to cover the total capital development costs. Since this time the Council has successfully secured £320,000 towards the development in the form of Affordable Housing Grant from the Homes and Communities Agency (HCA). Approval is therefore sought to increase the overall budget to £1,950,000 to enable the development to go ahead.
14. If construction commences onsite prior to the end of March 2015, 75% of the HCA grant can be claimed 'up front' with the rest paid upon practical completion. The remainder of the development costs will be met from the Housing Revenue Account.

TIMETABLE FOR DELIVERY

12. Upon entering into contract the selected contractor will start all pre-commencement work including seeking to discharge any outstanding planning conditions. It is forecast that start on site will be achieved in January 2015 with the programme for construction to last 13 months. On this basis it is anticipated that the flats will be ready for occupation by April 2016.

Reference Papers:

None