

## **Decision Report - Executive Decision**

Forward Plan Reference: FP/24/07/06

Decision Date – July 2024

Key Decision – yes



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### **Oxford Inn development - contractor appointment**

Executive Member(s): Lead Member for Communities, Housing and Culture

Local Member(s) and Division: Cllr Federica Smith-Roberts, Cllr Simon Coles

Lead Officer: Chris Hall – Executive Director, Community Services

Author: Shane Smith – Specialist

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### **Summary**

1. Following completion of an ITT exercise this report is seeking approval to appoint the main contractor to carry out the HRA development of the Oxford Inn site for new-build affordable housing. The scheme was supported by the Full Council 20th February 2024 as part of the HRA Budget Setting report. This scheme is delivering 8 new homes built to low carbon standards in excess of building regulations. The proposal is to finance this using an appropriate combination of up to 50% subsidy from RTB receipts and the remainder funded by borrowing. These new homes will be let at affordable rents. Please see the background section (item 29) for more detail.

### **Recommendations**

2. The Lead Member agrees
  - a. To the appointment of the lead bidder named in confidential Tender appendix B
  - b. Agrees the case for Appendix B and C to be regarded as exempt information and to be treated in confidence, as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.

### **Reasons for recommendations**

3. In order to progress the re-development of the Oxford Inn site.

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4. The Tender Evaluation Report (Appendix B) and Risk Register (Appendix C) should be considered confidential and are exempt as they contain commercially sensitive information relating to the bidders' submissions

### **Other options considered**

5. Following receipt of the tenders the following options were considered:
  - a) Option 1: Do not appoint and do nothing.
  - b) Option 2: Do not appoint and proceed via another OJEU compliant framework.
  - c) Option 3: Appoint lead contractor on basis of scores for quality, social value and price, ensuring Value for Money is achieved.
6. Option 3 is recommended as, after two rounds of bidding, cost engineering, interviews, and negotiations we (including the council Procurement Specialist and the appointed Employers Agent) are satisfied this appointment provides the best value that can reasonably be achieved. Option 1 has been discounted as there is no other viable regeneration use for the site which in its current form is detrimental to the community and there is a demonstrable need for more high quality affordable housing in the area.

### **Links to Council Plan and Medium-Term Financial Plan**

7. The projects link to the following priorities in the Council Plan
  - a. A Greener More Sustainable Somerset – by providing very low carbon homes (NTWP)
  - b. A Healthy and Caring Somerset – through the provision of higher quality homes for the returning NTWP tenants and new tenants via Homefinder.
  - c. A Fairer, Ambitious Somerset – the plan commits the council “to be innovative in our approach to housing and supporting people who are struggling. The provision of decent, low carbon social housing will be integral to us in delivering a fairer county.”
8. The Council’s Housing Revenue Account Business Plan sets out the financial model for the Housing Service over a 30-year period. The Council has agreed a number of priorities in its updated Housing Revenue Account (HRA) Business Plan 2020-2050, which are included in the vision statement “Great Homes for Local Communities” that accompanies the business plan (‘the Action Plan’). Its overarching mission statement is: “Our homes will be safe and secure, and we

will build many more in which our tenants will thrive. To do this we will develop a great team to provide excellent and modern services...” The Project compliments these strategy objectives.

## **Financial Implications**

9. On the 1 December 2020 Full Council, for the legacy Somerset West and Taunton Council, approved a budget of £1,850,000 (including a contingency of 10% on fees and 5% on Works) for the Oxford Inn Scheme to deliver eleven (11) new zero carbon homes to be let at an affordable rent at the vacant public house Oxford Inn site. This was to be funded 30% from right to buy capital receipts with the remainder funded by borrowing at 3.5%. The financial modelling at the time indicated that the scheme was affordable as it could financially contribute to the Business Plan each year (from year 21) and was able to 'pay back' (in year 40) e.g. all costs incurred would have been repaid. The land being develop was already owned by the Council as a Housing Revenue Account asset. A further £375k supplementary budget was approved in February 2024.
10. The Oxford Inn Scheme has been revised and will now deliver eight (8) new zero carbon homes to be let at an affordable rent at the vacant public house Oxford Inn site. The revision is due to design changes requested by the planning team. While the number of homes has been reduced by three, two of the flats have increased in size from one bedroom to two.
11. The estimated total development cost of £2,274,214 includes a contingency of 11% on fees and 5% on works and includes spend of £124k incurred to date. The scheme will now be funded by 50% from right to buy capital receipts with the remainder funded by borrowing estimated at 5.25%.
12. The scheme is expected to 'start on site' in October 2024 and complete in December 2025, with capital expenditure incurred during the financial years 2024/25 and 2025/26.
13. In terms of the revised impact on the business plan, the updated projections suggest that this scheme could financially contribute to the Business Plan each year (from year 27) and then is able to 'pay back' (in year 50) e.g. all costs incurred have been repaid. The projected performance of the scheme is slightly worse than the original proposal, which is mainly due to inflation increasing the cost of delivery, the rising cost of borrowing and the reduction in the number of units being delivered. However, the financial modelling still indicates that this scheme is affordable as it positively contributes to the Business Plan, as well as deliver much needed new

housing supply and meet the Councils 1-4-1 spend requirements under the Right to Buy Scheme.

### **Risk Implications**

10. Construction activities carry inherent health and safety risks and these are the most significant risks for this procurement. These risks will be managed through multiple mitigation measures at the ITT stage and prior to and during the works phases as described in the attached risk register (Appendix C). The project is being supported by a Council Health and Safety Business Partner and a qualified and experienced consultant employed as the Principal Designer.
  
11. The inability of the main contractor to complete the works due to insolvency or other reasons leading to increased costs and loss of time is a risk. Thorough examination of the contractor's financial position and capacity to undertake the work has been examined including careful consideration of the contractors last 2 years of accounts including latest management accounts. This was undertaken by the Commercial Investment Finance Specialist who has reported that this appointment is very low risk and ["there are no objections to their appointment based on the financial information"](#). Appropriate risk mitigation measures are included within the JCT contract including stage payments being made only on actual progress achieved and materials delivered plus withholding an appropriate % of payments as retention.

### **Legal Implications**

12. The tender process requires the lead bidder to enter into a legal construction contract. This is an industry recognised form of contract, the JCT Design and Build contract. Legal Services support has been obtained to approve the particulars and amendments to the contract documents.
  
13. As this decision relates to the award of a contract then Paul Skuse in Procurement & Financial Governance and Jill Byron in Legal Services have been consulted.

### **HR Implications**

14. The cost of staff time will be met from existing resources or charged to the capital scheme as appropriate.

## **Other Implications:**

### **Equalities Implications**

15. Due regard has been given to any disproportionate equality implications. No negative implications have been identified for this report. The Equalities Impact Assessment is appended to this report as Appendix D.

### **Community Safety Implications**

16. Consultation with Police and other statutory authorities has already been undertaken as part of the planning application process. No implications arose thanks to the meticulous design and the consultation that was undertaken to achieve planning permission.
17. The Oxford Inn, while it was in operation as a PH was previously associated with anti social behaviour and nuisance. Redevelopment will reduce the likelihood of this occurring. While the Oxford Inn has been vacant it has been the site of trespass, vandalism and more instances of anti-social behaviour. The completion of this development will stop these activities.
18. Construction work involves an element of risk in regard to the health and safety of construction works and to a lesser extent, members of the public. All health and safety matters, including the security of the site, will be continuously monitored and managed throughout the construction period.

### **Climate Change and Sustainability Implications**

19. The new homes are designed to be zero carbon in operation.
20. Phosphates and housing development within the hydrological catchment of the Somerset Levels and Moors Ramsar Site - This scheme falls within the water catchment area of the Somerset Levels and Moors Ramsar Site. A mitigation strategy is in place to ensure that this development is phosphate neutral.

### **Health and Safety Implications**

21. Construction activities carry inherent health and safety risks, and these are the most significant risks for this project. These risks will be managed through multiple mitigation measures prior to and during the works as described in the attached risk register (Appendix C). The project is being supported by a council

Health and Safety Business Partner and a qualified and experienced consultant employed as the Principal Designer.

22. There are Health and Safety risks involved with delaying the construction of the new homes mainly in regard to trespass and the possibility of injury and illegal occupation. While maintaining and adapting the security measures put in place reduces these risks, the most certain form of mitigation is the completion of the build.

### **Health and Wellbeing Implications**

23. The provision of well designed, secure, warm homes will have a significant positive impact on the health and wellbeing of the occupants

### **Social Value**

24. The ITT was issued in November 2022 by Somerset west and Taunton Council prior to the adoption of the Social Value Evaluation calculator.

25. The contractor has estimated that £500k will be spent on local contractors and this will involve employment of local employees. The contractor has stated a significant percentage of agency staff in Somerset have a military background (ie, classed as veterans).

26. The contractor has committed to at least one full time apprentice (time equivalent) working on this contract.

27. Delivery of the eight zero carbon affordable homes and the regeneration of this site in one of the most deprived areas in Taunton provides significant social value.

### **Scrutiny comments / recommendations:**

28. The proposed decision has not been considered by a Scrutiny Committee. The Chair of Scrutiny Committee for Communities has been sent a copy of this Report.

## Background

29. The Oxford Inn in the Taunton East ward is owned by Somerset Council, falls under the HRA and was formerly operated as a public house. After years of uneconomical operation and neglect and following an option appraisal the decision was made by the former Somerset West and Taunton Council to redevelop the site to provide new affordable housing with an original budget allocation of £1,852,000. Delivery of the project was delayed by both the phosphate planning issue and covid. Significant build cost (including materials prices) inflation through 2021 – 2023 meant the original budget would not be sufficient. This was evidenced in January 2023 when, on the conclusion of an ITT exercise using the Westworks framework three qualifying bids were received with all being significantly over the budget. As a result the HRA sought approval for an additional budget of £375,000 and this was approved by full Somerset Council in February 2024. See HRA Capital program report for approval 7.2.24.

The three bidding contractors were asked to resubmit bids allowing for minor cost engineering changes to the specification and requirements. As a result, a preferred bidder has been identified scoring highest on both price and quality. Please see appendix A: Tender Evaluation report and appendix B : Confidential Tender Evaluation report for details.

## Background Papers

30. HRA Capital program report for approval 7.2.24.

## Appendices

- **A – Tender Evaluation report**
- **B – Confidential Tender Evaluation Report (NOT FOR PUBLICATION)**
- **C – Confidential Risk register (NOT FOR PUBLICATION)**

## Assurance checklist




	Officer Name	Date Completed
Legal & Governance Implications	David Clark	02/07/24
Communications	Becky Howat	02/07/24
Finance & Procurement	Nicola Hix	02/07/24

Workforce	Alyn Jones	02/07/24
Asset Management	Oliver Woodhams	02/07/24
Executive Director / Senior Manager	Chris Hall - Exec Dir Chris Brown - Service Dir	02/07/24
Strategy & Performance	Alyn Jones	02/07/24
Executive Lead Member	Cllr Federica Smith Roberts	02/07/24
<b>Consulted:</b>	Councillor Name	
Local Division Members	Cllr Simon Coles, Cllr Federica Smith-Roberts	10/7/24
Opposition Spokesperson	Councillor Andy Dingwall	10/7/24
Scrutiny Chair	Councillor Gwil Wren	10/7/24



## Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or  
[www.somerset.gov.uk/impactassessment](http://www.somerset.gov.uk/impactassessment)

<b>Organisation prepared for (mark as appropriate)</b>	 <b>Somerset</b> Council	 <b>NHS</b> <b>Somerset</b>	 <b>NHS</b> <b>Somerset</b> NHS Foundation Trust
<b>Version</b>	<b>1</b>	<b>Date Completed</b>	<b>12/06/24</b>
<b>Description of what is being impact assessed</b>			
The appointment of the main contractor for demolition of the Oxford Inn and construction of eight new zero carbon homes.			
<b>Evidence</b>			
<b>What data/information have you used to assess how this policy/service might impact on protected groups?</b> Sources such as the <a href="#">Office of National Statistics</a> , <a href="#">Somerset Intelligence Partnership</a> , <a href="#">Somerset’s Joint Strategic Needs Analysis (JSNA)</a> , Staff and/or <a href="#">area profiles</a> , should be detailed here			
Housing need from Housing Enabling provision of housing data. Wheel chair accessibility specification information from SCC Occupational Therapist team. The contractors Equality and Diversity Policy. The Considerate Constructors scheme <a href="#">code of practice</a> and <a href="#">monitoring checklist</a> (The contract requires the contractor to register with the scheme and achieve the “silver” award which is the appropriate level for small sites)			

**Who have you consulted with to assess possible impact on protected groups and what have they told you?** If you have not consulted other people, please explain why?

The local community via the pre planning application community consultation.  
 Ward Councillors, the lead member for communities, Scrutiny, Executive and Full Council.  
 Internal teams – Housing Management, Asset, Maintenance, and Enabling. SC Occupational Therapy.  
 The contractor.

**Analysis of impact on protected groups**

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<ul style="list-style-type: none"> <li>Provision is made within the affordable housing development for all age groups.</li> </ul>	□	□	☒

<b>Disability</b>	<ul style="list-style-type: none"> <li>Houses and ground floor flats have been designed to meet the requirements of Approved Document Part M, Category 2: Accessible and adaptable dwellings. Scooter stores are provided for the ground floor flats.</li> </ul>	□	□	☒
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>no specific policy or mention in the text because no general inequalities were identified or known about which show disadvantage.</li> </ul>	□	☒	□
<b>Marriage and civil partnership</b>	<ul style="list-style-type: none"> <li>no specific policy or mention in the text because no general inequalities were identified or known about which show disadvantage.</li> </ul>	□	☒	□
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>no specific policy or mention in the text because no general inequalities were identified or known about which show disadvantage.</li> </ul>	□	☒	□
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>no specific policy or mention in the text because no general inequalities were identified or known about which show disadvantage.</li> </ul>	□	☒	□
<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>no specific policy or mention in the text because no general inequalities were identified or known about which show disadvantage.</li> </ul>	□	☒	□

<b>Sex</b>	<ul style="list-style-type: none"> <li>no specific policy or mention in the text because no general inequalities were identified or known about which show disadvantage.</li> </ul>	□	⊗	□
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>no specific policy or mention in the text because no general inequalities were identified or known about which show disadvantage.</li> </ul>	□	⊗	□
<b>Armed Forces (including serving personnel, families and veterans)</b>	<ul style="list-style-type: none"> <li>no specific policy or mention in the text because no general inequalities were identified or known about which show disadvantage.</li> </ul>	□	⊗	□
<b>Other, e.g. carers, low income, rurality/isolation, etc.</b>	<ul style="list-style-type: none"> <li>People on low income who are on Homefinder and apply for the new homes would benefit from affordable below market rents and a home which is energy efficient and inexpensive to run.</li> </ul>	□	□	⊗

**Negative outcomes action plan**

Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.

<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
No potential for discrimination specific to protected groups identified, therefore no negative outcomes.	Select date			□
	Select date			□

	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
<b>If negative impacts remain, please provide an explanation below.</b>				
<b>Completed by:</b>	<b>Shane Smith</b>			
<b>Date</b>	<b>12/06/24</b>			
<b>Signed off by:</b>	<b>Provided to Tom Rutland (Public Health Promotion Manager)</b>			
<b>Date</b>	<b>18/06/24</b>			
<b>Equality Lead sign off name:</b>				
<b>Equality Lead sign off date:</b>				
<b>To be reviewed by:</b> (officer name)				

**Review date:**

July 2023

