

Decision Pathway – Report Template



PURPOSE: Key decision

MEETING: Cabinet

DATE: 01 October 2019

TITLE	Procurement of ZEDpods at Chalks Road Car Park		
Ward(s)	St George West		
Author: Jon Feltham	Job title: Programme Director (Estate Regeneration)		
Cabinet lead: Cllr. Paul Smith	Executive Director lead: Colin Molton		
Proposal origin: City Partner			
Decision maker: Cabinet Member			
Decision forum: Cabinet			
Purpose of Report:			
To seek scheme approval for the development of the Chalks Rd Car Park with 11 affordable ZEDpods. These will be located on stilts over the existing car park (to be retained) and will be developed directly by the Council as part of its ongoing house building programme of new council owned homes.			
This report sets out recommendations for the approval of a Capital Project through a turnkey housing development, and seeks approval to proceed to procurement of the modular built homes.			
Evidence Base:			
<u>Key Issues for Consideration</u>			
<ol style="list-style-type: none"> Off-site manufacture has a key role to play in improving the performance of the UK construction industry. Moving the building process away from the physical site and into a controlled factory environment has multiple advantages. This includes speed of construction, greater certainty over cost and programme, higher quality, safety and a more sustainable approach to construction. It is proposed to procure the design and build element of the scheme through a JCT contract. This will result in expenditure of £500,000 or over and requires Cabinet approval. The works will be procured via a framework in order to expedite the process, and through discussions with procurement colleagues, Officers are recommending that the Council utilise Workstream 4 'Turnkey delivery of off-site system' of the LHC South West 'Off-site Construction of New Homes' (NH2) Framework (1st May 2019 – 30th April 2023). This framework has been procured in compliance with Public Contracts Regulations 2015 and provides local authorities with easy access to turnkey building systems for the use in new build housing projects. The process is fast and efficient and allows for a 'direct' award to appointed companies. The providers on the framework have already supplied initial costs that have been scrutinised for best value as well as provider deliverability and quality. Lesko Modular Group Limited is appointed to this Workstream and is the sole manufacturer of ZEDpods. Delivery of the scheme through the HRA further demonstrates the council's commitment to its housebuilding programme and that it's serious about driving forward innovative ways of delivering new homes across the City. The scheme provides a positive Net Present Value (NPV) surplus over a 40-year period, and under our approved Financial Parameters & Performance Criteria this is regarded as financially viable. Ownership of the new housing within the HRA is the preferred option for the Council. The car park is currently held in the General Fund and we will need to appropriate the ZEDpods development into the HRA. The existing car park will remain in-situ once the development is complete (albeit slightly rearranged as per the planning consent) and will continue to be managed by Parking Services. The estimated project cost, inclusive of construction, professional fees and contingency is £1.47m. This is to be secured from redirecting funds within the capital programme. 			

Key Risks

The main risks identified are as follows:

Key Project Risks & Score	
Financial Resources - appropriate budget needs to be agreed to enable the Project to be delivered.	Low
Ground Risk – risks identified in the ground (i.e. contamination).	Medium (until intrusive ground investigation completed)
Construction Risks – cost overruns, etc.	Medium (until D&B contract in place with contractor)

Cabinet Member / Officer Recommendations:

That Cabinet

1. Approve the scheme being added to the HRA Housing Investment Programme for 2019/20, with an estimated Contract Sum of up to £1.43m within the approved budget envelope.
2. Approve the appropriation and transfer of the proposed ZEDpod development (not existing car park) from its current General Fund purpose to the purpose of 'housing' land held under the Housing Revenue Account.
3. Approve the procurement of the homes through a 'direct' call-off through the LHC South West 'Offsite Construction of New Homes' Framework.
4. Delegate authority to the Executive Director of Growth and Regeneration (with appropriate legal and procurement advice) in consultation with Cabinet Member for Housing, to take all steps to procure and award contracts and enter into any necessary agreements required to successfully implement the proposed scheme.

Corporate Strategy alignment:

The scheme aligns with Corporate Strategy Commitment to creating a fairer more equal City for everyone. It also seeks to address inequalities, unemployment and poverty in the City through access to warm, secure affordable homes, to achieve a higher quality of life. A priority for the City is finding innovative ways of increasing the availability and affordability of a range of housing types and creating mixed and balanced communities where people want to live and work. The scheme will support the Strategy's target of making sure that 2,000 new homes – 800 affordable – are built in Bristol each year by 2020.

City Benefits:

The proposal will facilitate the supply of additional affordable housing which will be of benefit to the whole City. Housing is at the heart of the Council's drive to improve the quality of life for residents and to create thriving communities and attractive places where people positively choose to live. Creating a mixed and balanced community with a strong sense of place and liveable environment, can help benefit mental and physical health, social interaction and security. It will also help create greater equality of opportunity and quality of life. The lack of affordable housing causes homelessness and the people who are owed a homelessness duty by the Council are disproportionately young people, disabled people, BAME people and lone parents who are mainly women. Effective land use of space above the car park helps relieve pressure on the development of green and open space in the City. The increased use of modern, efficient factories will attract and retain a more diverse range of talent into the industry to help tackle the skills shortage.

Consultation Details:

The Housing Delivery Team delivered a pre-application engagement programme, which included engagement with Officers at Bristol City Council; City Councillors; resident groups and the local community. Alongside meeting with local Councillors, a meeting with community action groups, including the St George Community Network and the Church Road Action Group took place on 17th February 2019. Statutory Public Consultation took place as part of the planning application.

Background Documents:

N/A

Revenue Cost	£0	Source of Revenue Funding	N/A
Capital Cost	£1.47m	Source of Capital Funding	Allocation/redirection from funds held within the existing capital programme.
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice:

Funding of Scheme

The scheme would form part of the Housing Investment Programme for 2019/20 and would be funded by the HRA capital budget for new developments. Re-profiling of other planned developments has allowed this scheme to be included in 2019/20; therefore this scheme would be delivered within the approved budget envelope.

Prior to the abolition of the HRA debt cap the HRA was limited to £257m borrowing, when the budget was set in February 2019 there was headroom of £12m against the original cap. The 19/20 approved budget increased planned borrowing by £4.8m. This scheme is funded by redirection of existing capital budgets therefore there is no impact on levels of borrowing within the HRA. There is potential to utilise 1 4 1 funding to contribute to 30% of the cost of this scheme. There will be a small ongoing revenue cost for managing the scheme which will be met from the Housing Revenue Account. The ZEDpods are intended to be permanent structures – with any major refurbishment costs being managed as part of the overall housing stock management in future HRA business plans.

Value for Money

The scheme has a positive NPV over the life of the project, paying back within 40-years, based on the usual development assumptions as agreed by the Housing Delivery Board. The investment generates a rate of return of 3.4%.

The unit costs are higher than that of traditional builds, though this is due to the specialist nature of the design which incorporates greater energy efficiency, lower environmental impact and rapid construction.

Other Considerations

It is intended that the ZEDpods are used for transitional “move-on” accommodation and therefore the appropriate tenancy agreements will need to be utilised to mitigate against any potential right to buy eligibility arising.

There is no negative impact on the General Fund income in relation to the Chalks Road car park as it is free to use, though it would be out of use during the construction phase.

Finance Business Partner:

Wendy Welsh, Finance Business Partner – 23rd September 2019

2. Legal Advice:

The Council is a local housing authority within the meaning of the Housing Act 1985 and is specifically empowered to provide housing accommodation, either by erecting houses, or converting buildings into houses on land acquired by it for the purposes of Part 2 of the Housing Act 1985, or by acquiring houses.

The Council has a wide general power of competence to do anything that individuals generally may do (Section 1 of the Localism Act 2011). The Council can rely on this power to carry out housing development, to act in an ‘enabling’ manner in relation to the provision of new affordable housing. Further, the Council can undertake activities that are either economically, socially or environmentally beneficial for the authority and residents (Local Government Act 2000).

The Council has powers to hold and appropriate land under where satisfied it no longer required for the purpose for which it is held immediately before the appropriation (Section 120-122 of the Local Government Act 1972). Section 122(2A) requires that where land is existing open space, notice of the change of use must be advertised and any objections considered prior to the appropriation taking place.

It should be noted that the tenants of this scheme will achieve security of tenure pursuant to the Housing Act 1985 and the Council will be obligated to provide the tenants with alternative accommodation at expiry of their ZEDpod occupation.

The modular housing will be procured via a framework in compliance with the Public Contract Regulations 2015 and accordingly the risk of challenge under these Regulations is low.

A decision has been reached to use a particular type of housing (ZEDpods) from a particular contractor (Lesko). The Council has a duty to obtain best value under s3 of the Local Government Act 1999. Accordingly, the client officers must ensure this framework offers best value in terms of price etc paid for ZEDpods, and that ZEDpods themselves, offer best value in the modular housing market.

Legal Team Leader:

Andrew Jones/Sinead Willis, Team Leaders, Legal Services – 12th September 2019

3. Implications on IT:

No expected impact on IT Services.

IT Team Leader:

Simon Oliver, Director - Digital Transformation – 28th August 2019.

4. HR Advice:

No HR implications evident.

HR Partner:

James Brereton, People & Culture Manager – 6th September 2019

EDM Sign-off	Colin Molton	21 st August 2019
Cabinet Member sign-off	Cllr. Paul Smith	20 th August 2019
For Key Decisions - Mayor's Office sign-off	Mayor's Office	2 nd September 2019

Appendix A – Further essential background / detail on the proposal Appendix A1 – further background information Appendix A2 - OS Plan of site being acquired (edged in red). Appendix A3 – Design & Access Statement (planning consent)	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO