

**New Social Housing – Progress Report – Phase 1 & Phase 2**  
**Report by John Blair, Director, Corporate Resources**

**1 Purpose of Report**

Following the last Update Report to Council and the Council Seminar on 25 September 2012, this report provides an overview of proposed next steps for the Phase 2 Social Housing Programme and also updates the council on the Phase 1 Social Housing Project.

Reference in this document is made to the Update Report and Brochures provided at 25 September 2012.

**2 Background**

**2.1** As part of the last Update Report, a description of procurement options and timescales were provided. Construction and Design Services, Corporate Resources have further considered these and developed how the Social Housing Programme is planned to proceed.

A key principle of the 25 September 2012 update and seminar described the potential of advancing the programme for procurement to construction as early as possible. An element of this was the possible utilisation of existing framework appointments to enhance the delivery programme.

At this stage it is not recommended that a Building Contractor is appointed for any Phase 2 construction work due to OJEU restrictions with the existing contractor framework. There are also benefits in developing new detailed tender submissions for cost appraisal purposes.

Fast tracking the procurement of the next phase of construction has therefore been further developed and it is now proposed to progress pre-contract (non-main contract construction) activities, based on the following principles:-

- To maximise the effectiveness of the time required to procure the main build contract to benefit the deliverability and cost certainty of the overall project.
- To develop a basis of cost and technical design information which will be applied to the wider and longer term contractor procurement process.

- To progress an element of design and where possible, approvals such as Planning Consent and Building Warrant Applications to facilitate an early start on site for construction once an award of contract has been established through tender and OJEU legislative requirements.

### **3 Proposal**

#### **3.1 Our proposal is to develop a parallel working of:-**

- (a) Preparing the detailed procurement relating to the award of a construction main contractor or contractors, dependant upon further analysis of which will best suit the Council requirements to deliver and control development.
- (b) Preparing design and detailed tender information for selected sites as a basis of providing detailed information which will be used for the overall Contractor procurement and also promoting the potential for earlier start on site.

It is intended to adopt the following process and procedures:-

- Appoint via a mini-tender, external Consultants to work with us to progress the design, site layouts, house types, costs and consents etc. for 3 no. Initial sites.
- The initial sites are intended to be those previously identified to Council in the Report/Seminar/Brochures of 25 September 2012 with reference to Table 12 (page 16). The sites are those which were at the top of the preferred sites and are namely: Site 9 - Craigiefield Crescent, Penicuik; Site 18 - Eastfield Drive, Penicuik; and Site 42 - Jackson Street, Penicuik. However, we would seek confirmation of sanction from Council to be permitted to adjust this list should there be any incumbant restrictions which impact on the effectiveness of a site for development.
- The outcome of this work will be added to the Main Contractor Tender information along with the other requirements for the Council.
- Site Investigations and relevant Surveys will initially be procured relating to these initial sites and will be used to inform the basis for costs relating to design, remediation and risks.
- Further Site Investigations and Surveys will also be procured on an ongoing basis to suit the programme for the remaining sites as identified to Council in the Report/Seminar/Brochures of 25 September 2012 with reference to Table 12 (page 16). This will also be used as available to form part of the Main Contractor Tender information along with the other requirements for the Council.
- Development of the wider Main Contractor procurement options and Tender information along with the other requirements for the Council will be progressed as this takes a longer timeframe.

- Procedures will be discussed with colleagues in Planning and Building Control with a view to optimising the timescales and procedures of obtaining consents. This will benefit from early preparation of the design relating to the initial sites and also the development of House and Flat Types as identified to Council in the Report/Seminar/Brochures of 25 September 2012.

### **3.2 Anticipated Timescale**

At this stage it is not practicable to identify more precise dates as much of this work will depend upon constraints and outcomes, such as Site Investigations etc. However, we currently anticipate the following as a target programme:-

Consultants Tender - November 2012

Consultants Appointment - Start December 2012

Conclude Design Stage for the Initial Sites - June 2013

Planning and Building Warrant Approvals (Initial Sites) - Subject to Progress

Develop Wider Main Contract Procurement Information - November to June 2013

Main Contract Tender Period - July to August 2013

Tender Evaluation and Award - September 2013

Earliest potential Construction Start on Site - September 2013

Due to constraints of having to procure a new Main Construction Contract, this is at variation to consistent with Programmes described to Council in the Report/Seminar/Brochures of 25 September 2012 – Tables 22 and 23 (page 26). However this still utilises time to best advantage in order to provide the potential advantage of early start of site activities to build the initial sites. The overall, Main Construction Contract will describe Council's preferred ambitions for delivery of homes as early as can be qualitatively, realistically and economically provided.

### **3.3 Social Housing Phase 1**

Phase 1 of the Social Housing Project has now entered in to the defects period following the completion of the construction stage with a total of 864 homes built.

Currently 4 sites (Site 4 Park Road/Avenue, Gorebridge, Site 29 AB Hopefield, Bonnyrigg, Site 35 Eastfield Farm Road, Penicuik and Site 40 Salters Road, Dalkeith) are within Defect Liability Period with the last due to complete in September 2013.

The programme is currently predicted to cost £108,407,497 with the current budget set at £108,683,517.

There are 6 Final accounts that remain to be completed and closed off.

- 3.4 This report also summarises the current position of the two sites which are financed from the Phase 2 budget with design team and contractor appointments being made under the Phase 1 Terms of Contract as follows:-

#### **Site 2 Woodburn Road, Dalkeith – Housing and Home for Young Persons**

The main construction contract was signed in the sum of £1.8M on August 2012. Work commenced in September 2012 for The Home for Young Persons (1 home) and main housing (14 homes). Completion is due in September 2013.

#### **Site 37 (Eastfield Drive, Penicuik) – Housing, Home for Young Persons and Extra Care Housing**

The main construction contract was signed in the sum of £8.1M on March 2012. Work commenced on site in March 2012 for ground remediation works and in April 2012 for the main contract comprising the Home for Young Persons (1 home) and main housing/extra care housing (62 homes). Completion is due in January 2014.

### **4.0 Report Implications**

#### **4.1 Resource**

All the costs of employing the necessary members of staff are included in the budgets for the two phases of housing.

#### **4.2 Risk**

This project will have a programme-wide risk register prepared and maintained as well as risk registers and issues logs for each of the individual Builds within it.

#### **4.3 Policy**

##### **Strategy**

The proposed works are in line with the Council's Social Housing Strategy and accord with Midlothian Council's Corporate Priority; Objective 1a.

##### **Consultation**

Consultations will be held with the relevant parties.

##### **Equalities**

This report is not proposing any new services, policies, strategies or plans (or significant changes to or review of them) and therefore has not been assessed for equalities implications.

## **Sustainability**

The new build house programme will comply with all current building regulations and follows best practice in line with the Council's policies on the environment.

## **5 Summary**

A summary section can be inserted here if required.

## **6 Recommendations**

Cabinet is recommended to:-

- a. Approve the process to appoint an external Consultant.
- b. Agreement to the anticipated timeframes as shown in section 3.2.
- c. Approval to progress with site investigative works and surveys for 3 no sites from table 12, (page 16 of Progress Update Report).
- d. Grant permission to adjust the list of preferred sites should there be any restrictions which impact the effectiveness of any of the initial listed sites for development.
- e. Note progress on Site 2 (Woodburn Road, Dalkeith and Site 37 (Eastfield Drive, Penicuik).

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**Report Contact: Ian Smith      Tel No 0131 561 5468**  
**[Ian.Smith@Midlothian.gov.uk](mailto:Ian.Smith@Midlothian.gov.uk)**