



CABINET

PUBLIC AGENDA REPORT

13th February 2019

Subject Heading:

Contract award for the demolition of Napier and New Plymouth House and Solar, Serena and Sunrise Courts

Cabinet Member:

Councillor Damian White
Leader of the Council

SLT Lead:

Neil Stubbings – Director of Regeneration

Report Author and contact details:

Kevin Hazlewood
Assistant Director of Regeneration

Policy context:

Havering Housing Strategy 2014-2017
HRA Business Plan 2017-2047
National Planning Policy Framework 2012
Draft London Plan 2017
Havering Local Development Framework and Romford Area Action Plan 2008
Romford Development Framework 2015
Havering Proposed Submission Local Plan 2017

Financial summary:

This report seeks approval to award the contract and fund the demolition of Napier and New Plymouth House in Rainham and Solar, Serena and Sunrise Courts in Hornchurch

Both sites form part of the 12 Site regeneration programme. The sites are to be demolished in advance of the granting of a land interest to the Havering and Wates Regeneration LLP.

Is this a Key Decision?

Yes

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When should this matter be reviewed? January 2020

Reviewing OSC: Towns and Communities

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

SUMMARY

This report seeks the approval to directly award a demolition contract with Wates Construction Ltd. (WCL) to facilitate the demolition of Napier and New Plymouth House (NNP) in Rainham and Solar, Serena and Sunrise Courts (SSS) in Hornchurch, subject to approval of the Havering and Wates Regeneration JVLLP Business Plan by Cabinet and in preparation for housing regeneration.

RECOMMENDATIONS

That Cabinet

1. **Approve** to directly award a demolition contract with Wates Construction Ltd. (WCL) to facilitate the demolition of Napier and New Plymouth House (NNP) in Rainham and Solar, Serena and Sunrise Courts (SSS) in Hornchurch, subject to approval of the JVLLP Wates Business Plan by Cabinet and in preparation for housing regeneration.
2. **Approve** a waiver of contract rules to allow the direct award of a works contract for the demolition of Napier and New Plymouth House and Solar, Serena and Sunrise Courts.

Note

3. The Council to undertake the demolition and partial enabling of Napier and New Plymouth House and Solar Serena and Sunrise Courts.

REPORT DETAIL

1.0 Background

Procurement of a Joint Venture Partner

- 1.1 In June 2016 and October 2016, Cabinet received reports which proposed to increase the number of affordable homes on housing sites owned by the Council. As a result of the information provided to Cabinet, 12 HRA sites were identified for regeneration.

Site Name	Ward	Rented homes	Leasehold Homes	Total Homes
Waterloo Estate	Romford Town	171	73	244
Queen Street	Romford Town	31	0	31
Napier and New	S. Hornchurch	87	10	97

	Plymouth			
1.2	Solar, Serena and Sunrise	St. Andrews	55	0
	Maygreen Estate	Hylands	88	23
	Oldchurch Gdns	Brooklands	64	22
	Delta TMO (Elvet Ave)	Squirrels Heath	45	18
	Farnham, Hilldene and Chippenham	Gooshays	0	0
	Royal Jubilee Court	Pettits	79	0
	Brunswick Court	Cranham	47	0
	Dell Court	St Andrews	29	0
	Delderfield	Pettits	14	0
	Total		710	147
				856

Following a Competitive Dialogue procurement process, Cabinet agreed to the establishment of the Havering and Wates Regeneration (HWR) LLP; a joint venture instituted by entering into a Members' Agreement with Wates Residential for the purpose of meeting the Council's regeneration objectives for the 12 HRA sites, on the basis of the Business Case and Legal Summary contained in the said Exempt Agenda Report.

1.3 Due to the quantum of development across all 12 sites, the decant requirements and financial viability constraints; it would not be practicable to start work on all sites simultaneously. It was therefore proposed that the following four sites are prioritised:

- Waterloo Estate
- Queen Street (as part of the Waterloo Estate).
- Napier & New Plymouth
- Solar, Serena & Sunrise Court

Vacant Possession

1.4 In October 2016 Cabinet approved demolition notices to be served at the appropriate time in relation to all affected properties on the sites and schemes within the programme. Subsequently, in November 2016, demolition notices were served to residents within the identified project boundaries of the proposed regeneration sites.

1.5 The notices represented a significant legal step that signified the intentions of the Local Authority with respect to the land. It also enabled various activities such as decanting of existing tenants and other, site assembly activity. This could lead to potential CPO action if required. The main purpose of the notices are to enable the Council to stop future right to buy activity.

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- 1.6 Since December 2016, following the service of the demolition notices, Council officers have been in contact with Council tenants to discuss their rehousing options and with leaseholders and freeholders to negotiate a price for the Local Authority to purchase their land and property.
- 1.7 Following a 12-week formal consultation with residents, in February 2018 Cabinet approved the formal adoption of the Local Lettings Plan and Decant and Possessions Policy. The Local Lettings Plan is essentially a local allocation scheme designed to meet the needs of a particular community. It sets out our offering to Council Tenants explaining how the Council prioritises the allocation of its housing stock in the instance of regeneration.
- 1.8 To date, across the 12 regeneration sites, more the 300 Council tenants have been rehoused voluntarily, and more than 40 properties have been purchased by the Council via negotiation in order to achieve and deliver vacant possession to the Joint Venture.

Early Demolition of Napier and New Plymouth House and Solar, Serena and Sunrise Courts

- 1.9 Since September 2017, the rehousing and buyback programme has been targeted at delivering vacant possession of the sites in Work Package One of the Regeneration Programme. To date, more than 70% of properties in Work Package One have been vacated by secure Council tenants or purchased by the Local Authority, with particular success at Napier and New Plymouth Houses and Solar, Serena and Sunrise Courts.
- 1.10 Solar, Serena and Sunrise Courts are now vacant and Napier and New Plymouth House should be vacant by February 2019, subject to negotiations with two remaining leaseholders. As such, it is proposed planning applications be lodged by the Council to facilitate early demolition of both of these sites. This is facilitating early delivery of new homes for local people and to address the potential risks associated with having vacant properties over an extended period. The types of risks are security, squatting, unauthorised access, criminal damage and fly tipping.
- 1.11 Once all residents have vacated, demolition notices will need to be advertised on the sites in accordance with the statutory requirements.
- 1.12 Up to four months will be required to facilitate service disconnections, asbestos removal etc. and demolition is expected to take up to 32 weeks. Included within these 32 weeks will be some enabling works which are associated with bringing forward the new development.

REASONS AND OPTIONS

2.0 Reasons for the decision:

- 2.1 Approval of this decision would enable the expedited development of Napier and New Plymouth House and Solar, Serena and Sunrise Courts.

Other options considered:

- 2.2 The procurement of an alternative contractor to carry out demolition work on Phase One of the Regeneration Programme would breach of the Development and Member's Agreement which the Council entered into with Wates Residential. This would have legal and financial ramifications for the Council and stall the 12 Site Regeneration Programme.
- 2.3 If the buildings were left vacant and in situ until the JV was ready to start on site, the Council would be responsible for ensuring security of the vacant sites. Associated with this are unrecoverable costs and a residual risk of fire damage, antisocial behaviour and criminal damage. Demolition outside of the Development and Member's Agreement will remove the risks associated with vacant buildings and reduce the potential costs associated with securing a vacant site.

IMPLICATIONS AND RISKS

3.0 Legal implications and risks

- 3.1 The authority under which this decision is made is:

Part 3, section 3.3 General Powers, Contract Powers (b) To award all contracts with a total contract value of between £156,000.00 and £5,000,000.00

&

Part 4, section 14 Waivers, 14.1, 14.3, subset i b. & 14.6.6

- 3.3 For the purposes of the Council's Procedure Rules ("**CPR**") and Financial Regulations, the estimated value of this contract is such that it is classed as a low value Works Contract (i.e. its below the EU threshold level for mandatory OJEU advertising)..
- 3.4 CPR 13 provides for Works contracts below the EU threshold (currently **£4,551,413** can be awarded after tenders in accordance with CPRs using Constructionline.
- 3.5 However the CPRs also provides that subject to any requirements in the European Procurement legislation for below threshold contracts, an individual

Cabinet member may agree an exemption from the requirement to procure where there are reason under CPR 6 (Exceptions to competitive requirements) for doing so.

“Exceptions to competitive requirements”

14.3 Exceptions to the competition requirements may be made only if all relevant law is complied with and one of the following circumstances applies:

i. the contract falls within one of the exceptions listed in this Rule;

AND

a. the Competition Financial Thresholds Exceptions, is fully and properly completed and signed by the relevant Member of SLT;

AND

b. the person awarding the contract can demonstrate that the contract represents the best value that can be obtained in the circumstances.

ii. an individual Cabinet member has approved the waiving of the application of these rules, as permitted by Rule (a) above;

iii. the contract is solely for the employment of Temporary Agency Workers or interim managers (but not consultants);

iv. joint purchasing with or through another public body provided that the public body awarding the contract can demonstrate that the arrangements comply with European procurement, best value and other applicable legislation.

v. the instructing of counsel by the Director of Legal and Governance;

vi. they are allowed by some other specific provision in these Rules.

14.4 The exceptions are:

14.6.6 Best Interests of the Council - where it is in the best interests of the Council or the Borough for a provision in these Rules to be waived to enable contract procurement to be rapidly progressed while still complying with European procurement rules.”

3.3 The Leader should therefore satisfy himself that the reasons set out within the body of the report are sufficient for waiving the CPR.

3.4 Further, for the reasons detailed above it is not therefore considered that waiving the CPR requirements would constitute a breach of domestic and EU legislation.

4.0 Human Resources implications and risks:

4.1 None.

5.0 Equalities implications and risks:

5.1 The public sector equality duty under section 149 of the Equality Act 2010 (“PSED”) requires the Council when exercising its functions to have due regard to:

5.1.1 The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

5.1.2 the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and to foster good relations between those who have protected characteristics and those who do not. ‘

5.1.3 Protected characteristics’ include: gender, race and disability, sexual orientation, age, religion or belief, pregnancy and maternity and gender reassignment. The Council is committed to improving the quality of life for all, and supports wider social and economic growth through social and physical regeneration.

5.2 The wider implications associated with the project are addressed in the January 2018 Cabinet report - 12 HRA Sites JV Procurement – Entering into a Limited Liability Partnership. Consequently all matters associated as a result of entering this agreement are addressed.

BACKGROUND PAPERS

None