

**To:** Finance, Resources and Customer Services Policy Board

**On:** 23 November 2023

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**Report by:** The Director of Finance and Resources and the Director of Environment, Housing and Infrastructure

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**Heading:** Contract Award: New Build Housing Design and Build, Howwood Road, Johnstone (RC-CPU-22-347)

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## 1. **Summary**

- 1.1 The purpose of this report is to seek the approval of the Finance, Resources and Customer Services Policy Board to award a Works Contract for New Build Housing Design and Build, Howwood Road, Johnstone, (RC-CPU-22-347) to McTaggart Construction Limited.
  - 1.2 The recommendation to award the Contract follows a procurement exercise which was conducted as a Mini-Competition under Lot 5 (Development of 41 Units and over) of the Scotland Excel New Build Residential Construction Framework Agreement (Reference 15-18).
  - 1.3 A Contract Strategy was approved by the Strategic Commercial and Procurement Manager on 2 June 2023 and the Head of Housing Services on 5 June 2023.
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## 2. **Recommendations**

- 2.1 It is recommended that the Finance, Resources and Customer Services Policy Board:

- i) Authorises the Head of Corporate Governance to award a contract, subject to a suitable offer of grant funding, for New Build Housing & Design, Howwood Road, Johnstone reference RC-CPU-22-347 to McTaggart Construction Limited following a Mini-Competition under Lot 5 (Development of 41 Units and over) of the Scotland Excel New Build Residential Construction Framework Agreement (Reference 1518);
  - ii) Authorises a Contract Sum of £14,249,611.93 excluding VAT;
  - iii) Authorises a Contract Period of 136 weeks (with 40 weeks for design and 96 weeks for construction). The Date of Possession of the Site is 11 December 2023, with the Date for Completion of the Works being 20 July 2026. Any changes to these dates will be confirmed in the Council's Letter of Acceptance.
  - iv) Notes that the award of this Contract requires the provision of the Sub Consultant/Contractor Collateral Warranty as indicated within the tender documentation.
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### **3. Background**

- 3.1 The objective of the Contract is to provide high quality new build housing for social rent following the Housing-led Regeneration and Renewal Programme for Renfrewshire approved by the Council on 17th December 2020 with funding from the Housing Revenue Account.
- 3.2 Renfrewshire Council seeks to appoint a Design and Build Contractor to carry out the full design and construction of a residential development at Howwood Road, Johnstone consisting of 70 units. The site for this residential development is Howwood Road, Johnstone. The appointed Contractor will be responsible for the Design and Build of the units consisting of 50 houses, 8 bungalows and 12 cottage flats, along with associated landscaping and fencing
- 3.3 Scotland Excel has a New Build Residential Construction Framework Agreement ( Reference 15-18) ("Framework") that has been in place since 26 August 2019. The Framework has a Lot specific to the development of 41 units and over (Lot 5). This Framework was identified as a suitable framework agreement to use for this Contract. This procurement exercise was conducted as a mini competition under this Framework.
- 3.4 The Council invited all 6 Contractors appointed to Lot 5 (Development of 41 Units and over) to participate in the Mini Competition for the required Design and Build works via the Public Contracts Scotland – Tender Portal (PCS-T) on 8 June 2023.

- 3.5 By the closing date set for the return of electronic tender submissions, 12 noon, 20 July 2023, three Contractors submitted a tender response with one Contractor declining to respond and two Contractors providing no response.
- 3.6 The three tender submissions continue to meet the requirements of the Single Procurement Document (SPD) they completed when applying for a place on the Framework.
- 3.7 The three tender submissions received were each evaluated against the award criteria weighting of 55% Quality and 45% Price
- 3.8 During the evaluation period one contractor withdrew from the tender process.
- 3.9 The scores relative to the Award Criteria for the two remaining tender submissions are noted below:

		<b>Quality (55%)</b>	<b>Price (45%)</b>	<b>Total (100%)</b>
<b>1</b>	<b>McTaggart Construction Limited</b>	51.35%	44.00%	<b>95.35%</b>
<b>2</b>	<b>CCG (Scotland) Limited</b>	46.10%	45.00%	<b>91.10%</b>

- 3.10 The evaluation of tender submissions received identified that the tender submission by McTaggart Construction Limited was the most economically advantageous tender.
- 3.11 The costs for this contract will be partly met by grant funding from the Scottish Government (as provided for in Renfrewshire's Strategic Housing Investment Plan 2023/24 – 2028/29 and draft Local Housing Strategy Plan 2023/24 - 2028/29) and partly from the Council's Housing Revenue Account Capital Investment Plan.
- 3.12 The minimum benchmark grant is based on the proposed number of bedspaces and is £6,738,832, as noted in the Financial Implications section. The Council has applied for additional grant funding, based on the construction cost and the rental income. The Scottish Government is carrying out an appraisal and it is anticipated the grant awarded will be above the minimum benchmark grant. A contract will only be awarded if officers determine that the grant is sufficient in line with the business plan.
- 3.13 The Terms and Conditions being utilised are SBCC Design and Build Building Contract (SBC/DB/Scot) 2011 Edition supplemented by the Employer's Amendments.

- 3.14 Mandatory Community Benefits were included as a condition of this contract, which McTaggart Construction Limited confirmed they would adhere to. The commitment was to deliver fourteen Employment Opportunities. The mandated Community Benefits are detailed below:

	<b>Mandated Community Benefits</b>	
3.15	Job for an unemployed individual from a Priority Group	5
	Job for an unemployed individual	4
	Modern Apprenticeship	3
	Graduate Opportunity	2

In addition to the Mandatory Community Benefits requested, Evaluated Community Benefits were requested and McTaggart Construction Limited confirmed that the following Community Benefits would be made available to the Council for this Contract:

<b>Community Benefit Description</b>	<b>No of People / Activity</b>
Work Experience Placement for an individual 16+ years of age (who is not currently in employment, education or training) and preferably from an identified priority group.	15
Work Experience Placement for an individual aged 14+ years of age (and currently in full-time education) and preferably from an identified priority group.	5
S/NVQ (or equivalent) for <ul style="list-style-type: none"> <li>• New Tenderer Employee working on this contract</li> <li>• New Supply Chain Employee working on this contract</li> </ul>	5
Industry Awareness Events <ul style="list-style-type: none"> <li>• Schools</li> <li>• Invest in Renfrewshire – Employability</li> <li>• Further Education</li> </ul>	6
Industry Skill Transfer to Schools.	2
Business advice/support to an SME /Social Enterprise/ Voluntary organisation	5
Event to promote supply chain opportunities	3
Financial Support for a Social Enterprise within Renfrewshire	2
Non-financial support for a Social Enterprise within Renfrewshire	1
Financial Support for a Community Project/Group.	1

i.e. for other community initiatives which meet Renfrewshire Council community policies/strategies	
Non-financial support for a Community Project/Group i.e. for other community initiatives which meet Renfrewshire Council community policies/strategies	1

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## Implications of the Report

1. **Financial** – The cost of this contract is £14,249,611.93 excluding VAT, and will be funded as follows:

Grant funding (minimum)	£6,738,832.00
Housing Revenue Account (HRA) capital (maximum)	£7,510,779.93

2. **HR & Organisational Development** – None directly arising from this report.

3. **Community/Council Planning** –

- **Our Renfrewshire is thriving** – maximising economic growth, which is inclusive and sustainable
- **Our Renfrewshire is well** – supporting the wellness and resilience of our citizens and communities
- **Our Renfrewshire is fair** - addressing the inequalities which limit life chances
- **Our Renfrewshire is safe** – protecting vulnerable people and working together to manage the risk of harm.

- **Place**

- Ensuring Renfrewshire has the supply of green, high-quality cross-tenure homes in the right places to meet current and future demand.
- Working together to ensure our neighbourhoods are safe, vibrant, and attractive places to live.
- Demonstrating that Renfrewshire is a great place to live, work and visit.
- Developing our relationship with and working alongside communities on the decisions that affect them.

- **Economy**

- Linking opportunities to enhance economic benefits for Renfrewshire.
- Creating sustainable employment opportunities, ensuring that all people can benefit from the inclusive growth in Renfrewshire.
- Supporting people into Fair Work.
- Matching skills and opportunities across Renfrewshire with the opportunities available in Renfrewshire.

- **Fair**

- Reducing inequalities in Renfrewshire

- **Green**
  - Working across partners and communities to deliver the priority areas highlighted in our Plan for Net Zero, working towards a net zero Renfrewshire by 2030.
  - Integrating climate considerations into our long-term strategic planning as an organisation.
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  - **Living Our Values**
  - Delivering Best Value for our citizens and customers
4. **Legal** – The Procurement of this Contract was conducted in accordance with the requirements for a Mini-Competition under Lot 5 of the Scotland Excel New Build Residential Construction Framework Agreement (Reference 15-18) and the Council's Standing Orders Relating to Contracts 22 June 2023.
  5. **Property/Assets** – This Contract will ensure that the Council fulfils its investment in the area as part of the;
    - Renfrewshire's Draft Local Housing Strategy 2022-2027, and
    - Renfrewshire's Strategic Housing Investment Plan 2022-2027
  6. **Information Technology** – None directly arising from this report.
  7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
  8. **Health & Safety** – McTaggart Construction Limited health and safety credentials were evaluated by Corporate Health and Safety and met the Council's requirements regarding health and safety.
  9. **Procurement** – The procurement procedures outlined within this report ensures that the Council meets its statutory requirements in respect of procurement procedures, efficiency, and modern Government.
  10. **Risk** – McTaggart Construction Limited insurances have been assessed and evaluated to confirm that they meet the requirements regarding insurance risk.

Procurement conducted three separate mini competition tender processes using the Scotland Excel New Build Residential Construction Framework Agreement (Reference 15-18) and McTaggart is the recommended tenderer for all three projects. As each programme starts concurrently, the recommended Tenderer's available resources and capacity to undertake all three projects at the same time has been assessed as part of each procurement exercise. McTaggart Construction Limited satisfied the Council with the response received.

11. **Privacy Impact** – None directly arising from this report.
12. **Cosla Policy Position** – None directly arising from this report.
13. **Climate Risk** – The level of impact associated with provision of these works have been assessed using the Scottish Government Sustainability Test and is considered High Risk with mitigations set out below:

Climate Change Adaption:

- Communities Scotland Sustainable Housing Design Guide
- RIBA Embodies Carbon 2025 targets – requires operational energy to be half the level of Building Regulations compliance (60kWh/m<sup>2</sup>/y).
- Design includes photovoltaic panels

Waste and Efficient Resource Consumption:

- Homes will be designed to ensure reduced waste to Aspect Gold standard.

Hazard materials/ emissions:

- Specification states paint used to be water based.

Bio-security Enhancement:

- The specification includes Swift Bricks, Bat Bricks and Bee Bricks.
- An eco-study will be carried out on site to monitor the wildlife and plant-life for protected species prior to build.
- Trees to be planted after build to promote plant and insect life.

Water Consumption:

- The specification states that housing is to be built to Aspect Gold Level 4 for Water use efficiency.
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## List of Background Papers

- (a) Report to Council on 17 December 2020 titled "Housing-led Regeneration and Renewal Programme for Renfrewshire".
- (b) Report to the Communities, Housing and Planning Policy Board on 18 January 2022 titled "Housing-led Regeneration and Renewal Programme".
- (c) Report to the Communities, Housing and Planning Policy Board of 15 March 2022 titled "Draft Renfrewshire Local Housing Strategy 2022-2027."

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