

Bolsover District Council

Executive

1st February 2016

New Bolsover Model Village

Report of the Portfolio Holder for Housing and IT

This report is public

Purpose of the Report

- To update members on progress to date including the securing of £1.9m of Heritage Lottery Funding for the refurbishment of New Bolsover Model Village.
- To secure the support of Executive to the inclusion of the project within the Council's Capital Programme for 2016/17 and future financial years to be considered by Council at its meeting of 3rd February 2016.
- To agree the approach to the procurement for the main works at New Bolsover, and to grant Delegated Power to the Executive Director Operations in consultation with the Portfolio Member to appoint the successful contractor following the procurement process.

1 Report Details

- 1.1 Members will be aware that Officers from the Housing Department, Planning and Property Services have been working to develop a scheme to bring properties in New Bolsover up to a modern standard, whilst preserving the heritage of the area and respecting that properties which are Grade 2 listed and lie within a conservation area.
- 1.2 In July 2015 Executive considered a report from the Portfolio Holder for Housing and IT which made the following recommendations which were accepted by members.
 - That members recognise the importance of New Bolsover, and the need for investment to keep and maintain this valuable asset
 - That members support a bid to the Heritage Lottery Fund for funding towards this project.
 - That members support the investment from the HRA into this project
 - That members support this project.

- 1.3 The report to Executive detailed the work to be undertaken as part of the project and secured agreement to submit a bid to the Heritage Lottery Fund to fund the 'privately owned' elements of the work. In order to support the submission of the Heritage Lottery Fund application and to undertake the feasibility and design work necessary for the project to proceed the Council included an amount of £0.350m within the 2015/16 Capital Programme. As a result of the work undertaken in the December of 2015 the Council were informed that the bid for Heritage Lottery Funding was successful with a grant allocation of £1.9m million provided for the scheme. Details of the award are set out on the HLF website at <http://www.hlf.org.uk/about-us/media-centre/press-releases/new-bolsover-model-village>.
- 1.4 In addition to this grant, an additional investment estimated at £8 million is needed from the HRA to bring council properties up to a modern standard. In addition to the external works this includes internal insulation to make the properties more energy efficient and in many cases additional work such a kitchen replacements, resisting bathrooms, and installation of positive air systems to resolve damp issues.
- 1.5 In total the expenditure is estimated to be around £10million, however, given the specialist nature of the work concerned which needs to respect the listed status and heritage nature of the properties concerned it is difficult to estimate costs until the procurement exercise is undertaken. Given the nature of the properties it is important that careful consideration is given to the procurement process in order to secure an appropriately experienced partner, to secure a cost effective project and to ensure that the project is able to proceed in a timely manner. The HLF has given the Council a strict time restriction on when the HLF grant needs to be spent of 3 years following the award of the grant. There is also an 'in principle' understanding that work on site will commence in June 2016. Against this background it is recommended that delegated powers are granted to the Executive Director – Operations – in consultation with the portfolio Member for Housing and IT - to award the Contract following on from the procurement process. A report detailing the outcome of the procurement process and the successful contractor will then be taken to the next meeting of Executive.
- 1.6 There are three options that have been identified to procure the main work, including:

Direct Procurement – given the size of the project any direct procurement will need to follow the full OJEU route. This option would require at least 6 months to appoint (followed by a lead time to commence work) and will involve a significant amount of staff time in preparing tender documentation. Given these drawbacks this is not considered to be the most appropriate option and as such will only be utilised should other options not be achievable.

Procurement through an existing framework agreement – this option is likely to require the shortest timescale of the available options, should secure economies of scale from being tendered with a larger volume of work, will have established specifications and contractual arrangements. These features minimise the risk to the Council in respect of timescales to spend the Heritage Lottery grant and provide a set of established working arrangements. Against these advantages it is important

to ensure that we are able to access a framework which covers the specialist nature and wide scope of works (from heritage works to insulation) that need to be undertaken. In addition there may be additional costs to access the framework or higher administration costs which need to be balanced against the savings which should arise from the economies of scale associated with a greater volume of work available for a contractor. On balance Officers consider that a framework is likely to represent an appropriate way forward and subject to the agreement of Executive recommend that this route should be the considered further subject to being able to identify a suitable framework which secures the Council best value.

Establish a new framework. Given the limited number of existing frameworks that are suitable for this type of work, one partner organisation has offered to develop a new framework around our needs, which will also allow other public sector bodies to join if they so choose. The advantages of this are that this work will be carried out at no cost to the Council and as first users we can shape the framework to suit our needs. The disadvantage is the time needed as this will also involve following the full OJEU process. On balance Officers consider that establishing a new framework is likely to represent an appropriate way forward and subject to the agreement of Executive recommend that this route should be considered further subject to being able to establish a suitable framework which secures the Council best value

- 1.7 On the basis of the position outlined above it is recommended that the Council pursue the option of using an existing framework or developing a new framework as its preferred options. However, as the HLF have expressed some minor concerns about being able to access a contractor who has suitable heritage experience via the existing generalist framework. The preferred option is to establish a new specialist framework for heritage type works via Efficiency East Midlands. If this is unsuccessful then officers will make use of the existing generalist framework. In order expedite progress on the contract it is recommended that the Executive Director is given delegated powers to award the contract (in consultation with the Portfolio Member), with a report back to Executive detailing the outcome. This is necessary to meet the planned start date of June 2016.

2 Conclusions and Reasons for Recommendation

- 2.1 Given the success of the HLF bid, it is now necessary to move to appoint contractors and to start on site by the agreed date of June 2016. In order to achieve this target the New Bolsover project needs to be approved by Council for inclusion with the Capital Programme for 2016/17, whilst the Council needs to establish an appropriate procurement process to secure a main contractor for the project in line with the requirement to secure best value.
- 2.2 The options for procurement are set out within the report, with that developing a new Framework being the preferred approach subject to feasibility work confirming that this is the best option. In order to secure a start on site by the preferred date of June 2016 it is recommended to grant delegated powers in order to secure a timely award of the contract.

3 Consultation and Equality Impact

- 3.1 Officers have undertaken a detailed process of consultation with local residents including :
- Public Meetings
 - Visits to individual tenants and owners
 - Staff on site to explain the project
 - Questionnaire to residents
 - Working with young people and local schools
 - Working with residents to set up a formal residents group “Friends of New Bolsover”

4 Alternative Options and Reasons for Rejection

4.1 As covered in section 1.6 of the report.

4.2 Executive will be aware that the options for the New Bolsover Model Village are constrained by the fact that the buildings concerned are Grade 2 listed and lie within a Conservation area. The Council also has a duty to seek to ensure that its tenants occupy homes which meet the Decent Homes standard. The work set out in this programme is necessary to ensure that we take all reasonable steps to protect listed buildings and that our tenants live in homes which meet modern standards.

5 Implications

5.1 Finance and Risk Implications

- While prior to the procurement process the unique nature of the work makes detailed costings more difficult than when working on ‘standard’ non heritage properties the following amounts will be proposed for consideration for incorporation within the Capital Programme. While work to date suggests that the value of the contract will be in the region of £10m Officers would recommend that a contingency of 10% or £1m be included within the Approved Programme, given the uncertainties of cost which are inherent when working on heritage homes.
- The estimated spend, profile of expenditure and sources of funding which are recommended for inclusion within the Capital Programme are as follows:

	2015/16	2016/17	2017/18	2018/19	Total
	£000's	£000's	£000's	£000's	£000's
Feasibility / Design Work	350				350
Project Costs		3,334	3,333	3,333	10,000
Contingency				1,000	1,000
Funded By:					
Heritage Lottery		(634)	(633)	(633)	(1,900)
HRA Capital Resources (MRA)	(350)	(2,700)	(1,301)	0	(4,351)
Prudential Borrowing (HRA)			(1,399)	(3,700)	(5,099)

- There are clearly significant costs for the Council’s HRA in funding the investment in New Bolsover Model Village. The Council owns some 138 properties of the 194 within the village, with some 30 of the properties being empty. Given the poor condition and the difficulty of heating these properties they have become hard to let, and an investment to upgrade the properties should ensure that we are able to secure higher levels of occupancy. The cost of the work involved is in the order of £70,000 per property, with each property generating in the region of £5,000 rental per annum. While the payback period – once other costs are taken into account – will be in excess of 20 years, the upgrades should secure a sustainable future for the properties and meet the Council’s obligations in respect of their Grade 2 listed status.

5.2 Legal Implications including Data Protection

None arising directly from this report

5.3 Human Resources Implications

None arising directly from this report

6 Recommendations

- 6.1 That progress on the New Bolsover - especially in respect of the Heritage Lottery Grant - is noted and welcomed by Executive.
- 6.2 That the Executive Director of Operations – following consultation with the Portfolio Holder for Housing and IT - is granted delegated power to appoint the successful contractor (s) subject to a procurement process run by Efficiency East Midlands.
- 6.3 In the event that the procurement exercise run by Efficiency East Midlands is unsuccessful the Executive Director of Operations – following consultation with the Portfolio Holder for Housing and IT – is granted delegated power to appoint a contractor (s) through an existing generalist framework.
- 6.3 That Executive recommends that the project in respect of Bolsover Model Village as detailed within this report be approved by Council at its meeting of 3rd February as part of the Council’s Approved Capital Programme

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
District Wards Affected	Bolsover West
Links to Corporate Plan priorities	Supporting our Communities to be

or Policy Framework	Healthier, Safer, Cleaner and Greener
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8 Document Information

Appendix No	Title
N/A	
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
HLF Lottery Submission	
Report Author	Contact Number
Assistant Director Housing and Community Safety	3038

Report Reference –