

Name of meeting:

Date: 29 November 2023

Title of report: **HOWLEY WALK, BATLEY – REQUEST FOR APPROVAL TO SCHEME COSTS AND TO LET A BUILDING CONTRACT**

Purpose of report: To update a Key Decision made in May 2020 by approving the estimated total scheme cost and the letting of a building contract for the completion of the development of 7 x 2 bed council houses at Howley Walk, Batley

<p>Key Decision – A key decision is an executive decision to be made by Cabinet which is likely to result in Council spending or saving £500k or more per annum, or to have a significant positive or negative effect on communities living or working in an area compromising two or more electoral wards. Decisions having a particularly significant effect on a single ward may also be treated as if they were key decisions.</p>	<p>Yes Delegated to Strategic Director – Growth & Regeneration in consultation with Portfolio Holder</p> <p>If yes give the reason why Involves expenditure of more than £500k</p>
<p>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></p>	<p>Yes Private Report/Private Appendix – No</p>
<p>The Decision - Is it eligible for call in by Scrutiny?</p>	<p>Yes</p>
<p>Date signed off by <u>Strategic Director</u> & name</p> <p>Is it also signed off by the Service Director for Finance?</p> <p>Is it also signed off by the Service Director for Legal Governance and Commissioning?</p>	<p>David Shepherd - Strategic Director Growth & Regeneration 29 November 2023</p> <p>No</p> <p>No</p>
<p>Cabinet member portfolio</p>	<p>Cllr Moses Crook</p>

Electoral wards affected: Batley East

Ward councillors consulted: Councillors Akhtar, Loonat and Zaman were consulted in 2019 when the scheme was at the design and planning stage. Councillors A. Zaman and H. Zaman are aware of the current situation with regard to the contractor insolvency.

1. Summary

- Cabinet approved the direct delivery of new council housing on 20 January 2020.
- This project forms part of the council house build programme and will deliver 7 x 2-bedroom family homes on the Soothill Estate in Batley.
- A Key Decision was taken on 28 May 2020 to approve the construction of new council housing on sites at Corfe Close and Howley Walk. A contract for £1,319,763 for the construction of 7 x 2-bed houses at Howley Walk was signed in March 2021. The contractor went into administration in February 2023 leaving the site part way through construction.
- To appoint a new contractor to complete the project will take the cost of the scheme over the amount that was originally approved. Approval is therefore sought to spend up to a maximum total cost of £2,106,445 and to let a building contract not exceeding £550,000 in value to enable the project to be completed.

2. Information required to take a decision

When the original contractor went into administration, there was around 4 months' work left to complete on site. The properties are at varying stages of completion with three plots watertight and at second fix stage and four almost watertight and at first fix stage. Unfortunately, some work will need to be re-done in the non-watertight properties to rectify damage from water ingress. Externally, the services, access road, retaining walls and landscaping are still to be completed. Officers wrote to all residents and the two local members in office in the summer to explain that it is the Council's intention to complete the build as soon as possible and officers regularly update the Secretary of the Tenants and Residents Association on progress.

To enable a new contractor to be appointed as soon as possible, Procurement colleagues have approved making a direct contract award to Ellison Construction. Ellison are currently performing well on another council house build project in Liversedge and have agreed to demonstrate value for money by providing evidence of how their rates have been arrived at and pricing similar elements of the work at the same rates as Liversedge plus an allowance for inflation. Tender documents have been issued to Ellison with a submission date of 15 December.

In addition to the cost to complete the build, further costs have been incurred because of the contractor going into administration. These include additional fees for the Employer's Agent to produce a new schedule of works and advise on protecting the Council's position, engineer's fees to complete the design of the roads and retaining walls, price increases for service diversions and installations, additional fees for Principal Designer services, insurance, and site security. A record of costs arising as a direct result of the contractor's insolvency is being maintained and a claim will be made to the administrators once the full extent is known.

To enable the properties to be completed as quickly and cost effectively as possible, a decision has been taken not to have the access road adopted. The difference in levels between surrounding land and the site means that to achieve the gradient required for the road to be adopted will mean the construction of significant retaining walls on the site and the underpinning of outhouses belonging to the adjacent block of flats. The Council's engineering consultant, BGP, has advised that this will be more costly and take

longer to approve and construct than building the road to the same specification as an adoptable road without achieving the required gradient.

The proposal was approved by Cllr Crook at Portfolio Holder Briefing on 28 November. An Officer Delegated Decision Notice was published on 22 November and expires on 20 December.

3. Implications for the Council

It is important that we are evidencing the fact that, as a matter of routine, we are considering the way proposals will contribute to the Council's strategic priorities. In all reports, authors need to provide information on the anticipated impact the outcomes arising from the implementation of your report will have in the following areas:

3.1 Working with People

The site is secured with Heras fencing which means that surrounding residents look out on a partially completed building site. In addition, part of the communal garden of the adjacent flats has had to be fenced off for safety reasons due to deep excavations on site. This detracts from the quality of the neighbourhood, impacts on residents' amenity space and officers have received negative feedback about the state of the site from residents. It is therefore important to the local community that the new homes are completed as soon as possible not only to improve the environment, but to provide much needed family housing in the area.

3.2 Working with Partners

There will be no impact beyond that set out in the original Key Decision.

3.3 Place Based Working

There will be no impact beyond that set out in the original Key Decision.

3.4 Climate Change and Air Quality

The homes have been constructed to the standards agreed when the scheme was originally approved. As such, they will not meet the latest standards in terms of thermal efficiency but will still have a high level of thermal efficiency relative to most council homes.

3.5 Improving outcomes for children

There will be no impact beyond that set out in the original Key Decision.

3.6 Financial Implications for the people living or working in Kirklees

Not getting the road adopted means that Homes & Neighbourhoods will be responsible for its upkeep. A small service charge will therefore be required from residents of these homes to cover regular maintenance and upkeep as well as repairs and resurfacing in the future. Officers are consulting with Highways to establish if there is any tolerance which would allow the future adoption of the road and negate the need to pass on maintenance costs to residents.

3.7 Other (eg Integrated Impact Assessment/Legal/Financial or Human Resources)

There are no legal or human resources implications associated with this approval.

An Integrated Impact Assessment has not been completed as this proposal does not introduce any changes from the scheme that was approved in 2020.

4. Consultation

Consultation was carried out with residents and members prior to the original scheme being approved in 2020. No further consultation has been undertaken as proposals have not changed.

Officers have kept the Secretary of the Tenants & Residents Association informed of progress regarding completion of the building work and have responded to issues as they are raised. A letter was sent to members, residents in Howley Walk and those adjacent to the site to reassure them that the Council did not intend to abandon the development.

5. Engagement

Officers have kept the Secretary of the Tenants & Residents Association informed of progress regarding completion of the building work and have responded to issues as they are raised. A letter was sent to members, residents in Howley Walk and those adjacent to the site to reassure them that the Council did not intend to abandon the development.

6. Next steps and timelines

- Price received from Ellison Construction – 15 December.

Assuming Ellison Construction return a tender price within the approved limit:

- Expiry of decision-making period and 5 day standstill period – 25 December
- Contract Award – 8 January 2024
- Start on site – 15 January
- Completion – 17 June

Should Ellison's tender price exceed £550,000, officers will consider value engineering measures to reduce the price below the approved limit. If cost savings cannot be made, the scheme will be tendered in January.

7. Officer recommendations and reasons

Officers recommend:

- Approval of further expenditure required to complete the development of 7 x 2-bed houses at Howley Walk up to a maximum total expenditure of £2,106,445, including the lettering of a JCT Design & Build Contract to Ellison Construction for a sum not exceeding £550,000.

8. Cabinet Portfolio Holder's recommendations

The Cabinet Portfolio Holder endorses the officer recommendation.

9. Contact officer

Helen Martland, Service Manager – Development
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10. Background Papers and History of Decisions

Key Decision – 20 January 2020

Mixed Tenure Council House Building: Direct Delivery/Bridge Homes Joint Venture
Decision Maker: Cabinet

Key Decision – 28 May 2020

Develop single tenure council housing on the following sites: Corfe Close and Howley Walk

Decision Maker: Strategic Director for Economy and Infrastructure

11. **Service Director responsible**

Naz Parkar, Service Director – Homes & Neighbourhoods