

# North Lanarkshire Council Report

## Housing Committee

Does this report require to be approved?  Yes  No

Ref PH/JS/KS Date 06/11/24

## New Housing Supply Programme – Procurement Update

**From** Pamela Humphries, Chief Officer (Place)

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Housing Development  
Manager, 07583098631

### Executive Summary

The purpose of this report is to update Committee on current procurement activity relating to the new build housing programme and seek approval to progress procurement arrangements as outlined in the report.

### Recommendations

It is recommended that the Housing Committee:

1. Approves the award of contracts procured via a “Direct Award” procedure via the Scottish Procurement Alliance New Build Housing Construction H2 (Scotland) framework agreement (the “Framework”) for the following sites:
  - a. The site of the former Pentland School, Tay Street, Coatbridge to Ogilvie Construction Limited up to the value of £4.4M, including contingency allowance; and
  - b. Bank Street, Coatbridge to Cruden Building (Scotland) Limited up to the value of £4.5M, including contingency allowance;
  - c. Shawhead, Dunottar Avenue, Coatbridge to CCG Construction Limited up to the revised value of £24.8M, including contingency allowance;
  - d. Dalziel Drive, Motherwell to McTaggart Construction Limited up to the revised value of £6.48M, including contingency allowance;
  - e. Hill Street, Caldercruix to McTaggart Construction Limited up to the revised value of £6.00M, including contingency allowance;
  - f. Main Street, Glenboig to Connect Modular Limited up to the value of £1.96M, including contingency allowance; and
  - g. Glasgow Road, Cumbernauld to Connect Modular Limited up to the value of £2.45M, including contingency allowance.

2. Approves the award of a contract procured via a “Mini Competition” procedure via the Framework for the following sites
  - a. Motherwell Town Hall, Motherwell up to the value of £6.55M, including contingency allowance.
  - b. Combined Wishaw Sites (Graham Street, King Street, Caledonian Road, Stewarton Street, Wishaw) up to the value of £12.45M, including contingency allowance.
  - c. Laburnum Road, Viewpark up to the value of £6.5M, including contingency allowance.
3. Approves the award of a contract procured via Hub South West for the site at Hattonrigg Road, Bellshill to Springfield Homes Limited / Dawn Homes Limited up to the revised value of £4.98M, including contingency allowance; and
4. Acknowledges the award of contracts for the following sites previously approved at Housing Committee on 28 August 2024:
  - a. Columba High School site at School Street, Coatbridge awarded to CCG (Scotland) Limited on 19 September 2024 at a value of £26,843,805.55 including contingency allowance
  - b. Thorn Road, Bellshill awarded to McTaggart Construction Limited on 04 October 2024 at a value of £5,961,317.95 including contingency allowance.

## The Plan for North Lanarkshire

Priority	Improve economic opportunities and outcomes
Ambition statement	(1) Ensure a housing mix that supports social inclusion and economic growth
Programme of Work	Transforming Places

### 1. Background

- 1.1 The council has an approved programme to deliver 5,000 new homes by 2035. The delivery of such a large-scale programme presents several challenges, not least of which is the procurement of contractors to build the houses to the required standard, within the timescale required and at a competitive cost. To increase the pace of delivery, secure best value and minimise risk to the Council, a range of procurement options have been utilised.
- 1.2 To deliver the new build housing programme a range of procurement options are being utilised. For each project a Contract Strategy is undertaken to assess the most appropriate procurement route. These include but are not limited to the use of SPA and Scotland Excel frameworks utilising the direct award and mini comp procedures, and in some cases the use of Hub South West or a traditional “Restricted” style tendering procedure within the open market.
- 1.3 Within this report, seven site locations have been identified to be procured via the Direct Award procedure. The Direct Award procedure has been identified as the optimum route to market currently as it allows early engagement with contractors leading to economies

and efficiencies being achieved in design, early engagement for utilities and programme benefits to be achieved.

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## **2. Report**

- 2.1 The council has engaged with Ogilvie Construction who are a contractor on the Framework. Feasibility costs have been obtained for the site at Pentland/Tay Street, Coatbridge, (18 units), at the revised value of £4.4M, including contingency allowance.

The feasibility costs obtained are considered to represent best value and, subject to benchmarking against the appropriate framework rates, it is proposed that a final tender price be agreed to allow the contract award.

- 2.2 The council has engaged with Cruden Building (West) Limited who are a contractor on the Framework. Feasibility costs have been obtained for the site at 1-13 Bank Street, Coatbridge, (10 supported and 6 mainstream units), at the revised value of £4.5M, including contingency allowance.

The feasibility costs obtained are considered to represent best value and, subject to benchmarking against the appropriate framework rates, it is proposed that a final tender price be agreed to allow the contract award.

- 2.3 The council has engaged with CCG Construction Limited who are a contractor on the Framework. Pre-Tender costs have been obtained for the site at Shawhead, Dunottar Avenue, Coatbridge, (100 units), at the revised value of £24.8M, including contingency allowance.

The Pre-Tender costs obtained are considered to represent best value and, subject to benchmarking against the appropriate framework rates, it is proposed that a final tender price be agreed to allow the contract award.

- 2.4 The council has engaged with McTaggart Construction Limited who are a contractor on the Framework. Feasibility costs have been obtained for the site at Dalziel Drive, Motherwell (27 units), at the value of £6.48M, including contingency allowance.

The feasibility costs obtained are considered to represent best value and, subject to benchmarking against the appropriate framework rates, it is proposed that a final tender price be agreed to allow the contract award.

- 2.5 The council has engaged with McTaggart Construction Limited who are a contractor on the Framework. Feasibility costs have been obtained for the site at Hill Street, Caldercuix (25 units), at the value of £6.00M, including contingency allowance.

The feasibility costs obtained are considered to represent best value and, subject to benchmarking against the appropriate framework rates, it is proposed that a final tender price be agreed to allow the contract award.

- 2.6 The council has engaged with Connect Modular Limited who are a contractor on the Framework. Feasibility costs have been obtained for the site at Main Street, Glenboig (7 units), at the revised value of £1.96M, including contingency allowance.

The feasibility costs obtained are considered to represent best value and, subject to benchmarking against the appropriate framework rates, it is proposed that a final tender price be agreed to allow the contract award.

- 2.7 The council has engaged with Connect Modular Limited who are a contractor on the Framework. Feasibility costs have been obtained for the site at Glasgow Road, Cumbernauld (8 units), at the revised value of £2.45M, including contingency allowance.

The feasibility costs obtained are considered to represent best value and, subject to benchmarking against the appropriate framework rates, it is proposed that a final tender price be agreed to allow the contract award.

- 2.8 The council has tendered via a mini competition call off procedure from the Framework to procure a contract from the site at Motherwell Town Hall, Motherwell (20 units) at the value of £6.55M, including contingency allowance.

The mini competition call-off procedure was considered to represent best value and, subject to tender checking the most economically advantageous tender will be checked and recommended to allow the contract award.

- 2.9 The council has tendered via a mini competition call off procedure from the Framework to procure a contract for the Combined Wishaw Sites (Graham Street, King Street, Caledonian Road, Stewarton Street, Wishaw) (51 units) at the value of £12.45M, including contingency allowance.

The mini competition call-off procedure was considered to represent best value and, subject to tender checking the most economically advantageous tender will be checked and recommended to allow the contract award.

- 2.10 The council has tendered via a mini competition call off procedure from the Framework to procure a contract for the site at Laburnum Road, Viewpark (26 units) at the value of £6.5M, including contingency allowance.

The mini competition call-off procedure was considered to represent best value and, subject to tender checking the most economically advantageous tender will be checked and recommended to allow the contract award.

- 2.11 The council has engaged with Hub South West regarding the proposed site at Hattonrigg Road, Bellshill (20 units). Feasibility costs have been obtained for the site at the value of £4.98m, including contingency allowance.

The feasibility costs obtained are considered to represent best value and, subject to benchmarking against the appropriate framework rates, it is proposed that a final tender price be agreed to allow the contract award. The use of the HUBSW procedure provides a method of procurement that is time efficient and cost effective for both the Council and the bidder and allows for early engagement and advance works to take place.

- 2.12 The projects listed above in sections 2.1 – 2.11 are still in live procurement procedures however are nearing completion. Accordingly, the recommendations listed on page one of this report are for the approval for the award each contract (in accordance with the councils General Contract Standing Orders) up to the values stated as and when they are finalised outwith the council's committee cycle.

Adopting this approach shall expedite the programme and allow appointed contractors to progress works in a more efficient and effective manner. Additionally, this approach shall also prove beneficial where any pre-construction / enabling works are required whilst also allowing appointed contractors to engage third party companies i.e. utility companies to undertake works required to enable housing construction methods to commence.

Should the recommendations within this report be approved, more detailed information on any contract awarded for each site shall be reported to the next available Housing Committee following award.

Should contracts to be awarded exceed the values stated in the recommendations, further details and approvals shall be sought from a future Housing Committee.

- 2.13 The pricing mechanism is a Priced Contract with Activity Schedule offering a good level of cost certainty. However, there are currently no cashable savings attributed to the contracts outlined within above within sections 2.1 – 2.11 at this time.
- 2.14 The council is committed to maximising the delivery of community benefits. The procurement includes a community benefit requirement, this approach is designed to deliver local community benefits where possible. Given the current stage of the procurement processes for each of the sites listed within this report, there are currently no Community Benefits identified. However, once contracts have been formally awarded, an overview of community benefits committed to by contractors will be reported to Committee.
- 2.15 All contractors appointed to the Framework and Hub South West have evidenced fair working practices within their organisations as part of the procurement procedures to be appointed to the respective arrangements
- 2.16 In addition to the 11 sites listed above in sections 2.1 – 2.11, work has progressed to award contracts following approval at the Housing Committee on 28 August 2024.
- a. Columba High School site at School Street, Coatbridge (127 Units) awarded to CCG (Scotland) Limited on 19 September 2024 at a value of £26,843,805.55 including contingency allowance
  - b. Thorn Road, Bellshill (26 Units) awarded to McTaggart Construction Limited on 04 October 2024 at a value of £5,961,317.95 including contingency allowance.

Further information on the two contracts awarded above can be found within Appendix 1 of this report.

- 2.17 Officers from New Supply will be responsible for managing all contracts once awarded which will be undertaken in accordance with the council's agreed approach to contract and supplier management.
- 2.18 In addition to the sites detailed above, the next batch of sites will be identified and assessed, and a suitable procurement route will be identified to progress these projects to deliver new build housing to align with the Plan for North Lanarkshire.

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### **3. Measures of success**

- 3.1 The proposed contract awards detailed within this report will deliver the following outcomes:
- a) The appointment of contractors who have the experience and capability to deliver new build social housing.
  - b) The procurement procedures applied are compliant with the procurement legislation, overarching framework agreements and internal procedures.

- c) That best value is both demonstrable and achieved.
- d) That contracts awarded secure a range of community benefits.
- e) Those contracts awarded support payment of the real Living Wage to staff employed in the delivery of the requirements; and
- f) That the performance of contracts awarded are proactively managed against several Key Performance Indicators.

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**4. Supporting Documents**

**Appendix 1 Summary of Contracts Awarded**

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**Pamela Humphries  
Chief Officer (Place)**

**5. Impacts ( <http://connect/report-template-guidance> )**

<p><b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>The new build programme includes measures that will help reduce inequalities of outcome through certain design features including:</p> <ul style="list-style-type: none"><li>• Housing for Varying Needs to make homes as accessible as possible.</li><li>• Secure by Design to make homes and the surrounding environment as safe and secure as possible.</li><li>• Achieving the Scottish Government requirements for Greener Homes to reduce the incidence of fuel Poverty.</li><li>• Facilitating improved access to high-speed internet capabilities including installation of 'fibre to the property'.</li></ul> <p>If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a></p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p><b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts have been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>The funding for projects referred to in this report can be met from the Council's Housing Revenue Account budget for the New Supply Programme. Grant support is also provided by the Scottish Government. The costs associated with contract delivery will be contained within the HRA New Supply capital programme. Current forecasts include for grant from the Scottish Government towards the cost of the new homes which is from a minimum of £83,584 per unit.</p>
<p><b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts have been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p><b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts have been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>

If Yes, please provide a brief summary of the impact?

**5.5 Data protection impact**

Does the report / project / practice contain or involve the processing of personal data?

Yes  No

If Yes, is the processing of this personal data likely to result in a high risk to the data subject?

Yes  No

If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to [dataprotection@northlan.gov.uk](mailto:dataprotection@northlan.gov.uk)

Yes  No

**5.6 Technology / Digital impact**

Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?

Yes  No

If Yes, please provide a brief summary of the impact?

Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?

Yes  No

**5.7 Environmental / Carbon impact**

Does the report / project / practice contain information that has an impact on any environmental or carbon matters?

Yes  No

If Yes, please provide a brief summary of the impact?

The proposed award of contracts detailed within this report will ensure that the impact on the Council's carbon footprint is mitigated. The specifications incorporated within the contract documentation will: deliver reduced energy need; encourage sustainable construction; promote health and wellbeing; reduce waste and resources through effective storage, collection and composting of waste and recyclable materials and; include measures which will reduce CO2 emissions.

**5.8 Communications impact**

Does the report contain any information that has an impact on the council's communications activities?

Yes  No

If Yes, please provide a brief summary of the impact?

The implementation and delivery of the New Supply programme will be promoted through the New Supply PR plan and via communications with elected members and local stakeholders



**5.9 Risk impact**

Is there a risk impact?

Yes  No

If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?

Risk associated with the New Supply Programme is managed within the council's project management and risk register process. By undertaking detailed Ground Investigation and other relevant site assessments, prior to proceeding with the development of any site, the council is mitigating the risk of unforeseen costs relating to ground conditions, although this risk cannot be eliminated entirely.

**5.10 Armed Forces Covenant Duty**

Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?

Yes  No

If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

The Council's New Supply housing programme previously partnered with Veterans Housing Scotland to deliver housing for Armed Forces Veterans and the current SHIP supports new affordable housing project for Scottish Veterans' Garden City Association.

**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes  No

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes  No

## Appendix 1 – Summary of Contracts Awarded

<b>Contract</b>	<b>Ref</b>	NLC-SLP-22-084
	<b>Title</b>	New Build Social Housing at Former Columba High School Site, Coatbridge
	<b>Classification</b>	Works
<b>Competition</b>	<b>Governance by Value</b>	The Framework terms & conditions, with adherence to the council's GCSO 13 on 3rd party frameworks
	<b>Procurement Route</b>	Call-off following Mini Competition using Third Party Framework
	<b>No. of Framework Contractors</b>	Seven
	<b>No. of Tenders Received</b>	Two
	<b>Award Criteria</b>	Most Economically Advantageous Tender: 30% Quality and 70% Price
	<b>Score Range of Tenders Received</b>	90.16% – 92.60%
	<b>Comments</b>	This contract was procured from the Scottish Procurement Alliance H2 New Build Housing framework agreement, Workstream 1. Lot 6 (Low Rise Housing up to 11m Floor Height - Projects with individual Sites of Over 100 units)
<b>Award Details</b>	<b>Contract Award Date</b>	19 September 2024
	<b>Awarded Value</b>	£26,843,805.55
	<b>Contract Duration</b>	48 Months
	<b>Contractor Name</b>	CCG (Scotland) Limited
	<b>Contractor Size</b>	Large
	<b>Contractor Location</b>	South Lanarkshire
	<b>Payment of Living Wage?</b>	Yes
	<b>Living Wage Accredited?</b>	No
	<b>Community Benefits Committed</b>	5 x New Job for an Individual from a Priority Group 2 x New Job for an Apprentice from a Priority Group 9 x Work Experience Placement to obtain a "Foundation Apprenticeship 4 x Work Experience Placement for an individual aged 14 to 16 years of age 4 x Work Experience Placement for an individual 16+ years of age 12 x Educational Visits 1 x Work Experience Placement for an individual aged 14 to 16 years of age 6 x Financial Support for a Community Project / Organisation

		3 x Non-financial Support for a Community Project / Organisation 2 x Business Event / Briefing to promote supply chain opportunities
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<b>Contract</b>	<b>Ref</b>	NLC-SLP-23-030
	<b>Title</b>	New Build Social Housing at Thorn Road, Bellshill
	<b>Classification</b>	Works

<b>Competition</b>	<b>Governance by Value</b>	The Framework terms & conditions, with adherence to the council's GCSO 13 on 3rd party frameworks
	<b>Procurement Route</b>	Call-off following Direct Award using Third Party Framework
	<b>No. of Framework Contractors</b>	Nine
	<b>Comments</b>	This contract was procured considering the relevant information technical and commercial proposals from the Scottish Procurement Alliance H2 New Build Housing framework agreement, Workstream 1. Lot 3 (10 - 30 units)

<b>Award Details</b>	<b>Contract Award Date</b>	04 October 2024
	<b>Awarded Value</b>	£5,961,317.95
	<b>Contract Duration</b>	16 Months
	<b>Contractor Name</b>	McTaggart Construction Limited
	<b>Contractor Size</b>	SME
	<b>Contractor Location</b>	North Lanarkshire
	<b>Payment of Living Wage?</b>	Yes
	<b>Living Wage Accredited?</b>	No
	<b>Community Benefits Committed</b>	2 x New Job for an Individual from a Priority Group 1 x New Job for an Apprentice from a Priority Group 2 x MCR Pathways 1-2-1 Mentoring Programme (or equivalent Programme) 1 x Work Experience Placement for an individual aged 14 to 16 years of age 1 x Work Experience Placement for an individual 16+ years of age 5 x Educational Visits 1 x Financial Support for a Community Project / Organisation 1 x Non-financial Support for a Community Project / Organisation 1 x Business Event / Briefing to promote supply chain opportunities