

REPORT OF  
The Strategic Director for Place  
TO  
Procurement Board  
ON  
11<sup>th</sup> May 2022

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TITLE: Construction of move on accommodation through the Rough Sleepers Accommodation Programme (RSAP)

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RECOMMENDATION:

That Procurement Board approves the council entering a Pre-Construction Services Agreement (PCSA) with PLP to enable the building of 24 modular units through the Rough Sleepers Accommodation Programme (RSAP) and to commence direct negotiations with them to deliver additional affordable units on these sites, subject to satisfactory assessments of value for money as detailed in the table below:

Detail required	Answers
<b>Title/Description of Contracted Service/Supply/Project</b>	Building of 24 modular units, across 3 sites, through RSAP
<b>Name of Successful Contractor</b>	PLP Construction
<b>Supplier Registration Number</b> <i>(to be supplied by Corporate Procurement)</i>	03244506
<b>Type of organisation</b> <i>(to be supplied by Corporate Procurement)</i>	Private Limited Company
<b>Status of Organisation</b> <i>(to be supplied by Corporate Procurement)</i>	SME
<b>Contract Value (£)</b>	£268,500. Full construction costs will be confirmed at Stage 2 of the procurement process
<b>Contract Duration</b>	7 months
<b>Contract Start Date</b>	16/05/2022

Detail required	Answers
<b>Contract End Date</b>	30/11/2022
<b>Optional Extension Period 1</b>	months
<b>Optional Extension Period 2</b>	months
<b>Who will approve each Extension Period?</b>	Procurement Board (extension > £150k)
<b>Contact Officer (Name &amp; number)</b>	Konrad Magdzinski 793 2197
<b>Lead Service Group</b>	Place
<b>How the contract was procured? (to be supplied by procurement)</b>	ICN Framework
<b>Framework Details (where applicable) (procurement body, framework reference &amp; title, start/ end date)</b>	Innovation Chain North (ICN) is a framework for construction and associated professional services procured under the Public Contracts Regulations 2015 and is OJEU compliant. It has been designed to support the delivery of new homes and associated social infrastructure across the North of England. The framework includes lots for contractors, associated professional services as well as a Dynamic Purchasing System (DPS) for the supply of Modular Homes.
<b>Funding Source</b>	Grant
<b>Ethical Contractor (EC): Mayor's Employment Charter</b>	<input type="checkbox"/>
<b>EC: Committed to sign up to charter</b>	YES
<b>EC: Accredited Living Wage Employer</b>	<input type="checkbox"/>

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#### EXECUTIVE SUMMARY:

This report seeks approval to award a Pre-Construction Services Agreement for the building of 24 modular apartment units, across 3 different sites, through the RSAP and to consider the construction of a further 19 affordable homes on the same sites. The apartments will provide self-contained supported housing to help meet an acute need for additional move on accommodation in the city. The appointment, at a cost of £268,500, will commit to appointing a contractor under stage 1 to develop costs and designs under a two-stage procurement route. Permission is also sought to explore using the same contractor the delivery of some additional affordable units on these sites, subject to satisfactory assessments of value for money. The report also seeks approval to place a deposit for the first set of units manufacture (£120,000) to maintain programme and draw down of grant.

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## BACKGROUND DOCUMENTS:

- Homelessness Strategy
  - Lead Member for Property and Regeneration 8<sup>th</sup> November 2021: Salford's Rough Sleepers Accommodation Programme (RSAP) Update.
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## KEY DECISION:

Yes

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## DETAILS:

### 1. Background

Homelessness has been increasing in the city since 2012 and the council is currently housing 316 people who have slept rough or been at significant risk of rough sleeping. There is an acute need for move on accommodation, particularly for those who have complex needs. In response, the council submitted four bids to RSAP, for the delivery of new move on accommodation in the city. All four bids were successful and attracted grant of £1,591,500 with a requirement of match funding of £1,100,000 from the council's capital programme.

The tenancies will be allocated and managed by the council's Supported Tenancy service. Revenue funding has also been obtained through the grant to deliver the ongoing support.

Buttress Architects were commissioned to carry out the pre planning assessment for the three sites at Eccles New Road and Tootal Grove in Weaste, and at Harcourt Street in Walkden. Consultation has been carried out with neighbours and user groups to inform the design process. As part of the pre planning assessment the sites have also been identified for potential development for additional affordable housing as part of the councils affordable housing programme for Derive.

This report seeks to approve PLP Construction as the preferred contractor for the construction of the RSAP move on accommodation following a first stage tender and subject to satisfactory conclusion of the second stage. In order to firm up the total contract value it will be necessary to enter into a Pre-Construction Services Agreement (PCSA) up to the value of £268,500 which will allow the commissioning of further surveys, placing of orders for utilities if required and the ability to place

manufacture orders prior to contract if needed. The Deposit for first set of units manufacture included in the value above is estimated at £120,000

Permission is also sought to commence direct negotiation with PLP for the additional affordable units noted above. It is likely that utilising the same contractor for the construction of the affordable accommodation on the remainder of the site offers advantages to the construction process with shared infrastructure costs, preliminaries and site set up. The contractor would therefore be asked to provide a separate price for the construction of affordable homes, specifically identifying economies. This would be subject to a value for money assessment from our Employers Agent, with a reserved right to carry out a competitive tender exercise if necessary.

## 2. The Procurement Process

In line with SCC procurement requirements the project was first issued via an Expression of Interest to all contractors under the ICN Framework. Consequently, 5 Contractors provided a response confirming their intention to tender for the works. 15 Contractors declined the opportunity citing reasons such as tender timescales, pipeline commitments and ability to deliver MMC at a competitive price.

After receiving the tenders Identity Consult, our consultants who were leading on this procurement, were informed that 3 of the contractors would not be submitting a tender as they were unable to demonstrate the experience of providing similar projects. Identity Consult sought to encourage submissions by clarifying what was required however all 3 parties still declined to tender. 2 contractors returned their submission by the required deadline.

The preferred Contractor was selected on the basis of best value which meant that proposals were assessed on both quality and price parameters on an agreed 80% quality / 20% price split. The reason that the price element was proposed at 20% was because the information on which contractors could price was minimal and given the nature of the project, the timescales and the requirement for a contractor to provide a full turnkey solution it was felt that ensuring ability to deliver on quality was of paramount importance.

The qualitative element of the submission equated to 80% of the overall marks and was evaluated against the following criteria and weighting:

Project Profiles – 20%

Case Studies – 20%

Preconstruction Programme – 20%

Construction Programme – 20%

Social Value – 20%

The financial assessment carried 20% of the overall marks available.

A Pricing Book template was provided within the tender documents in which the Contractors were required to detail the following costs: inflation, prelims, OH&P

A Qualitative Review took place with submissions scored individually by 2 representatives from SCC and 1 from Identity Consult and were reviewed against the selection criteria and scores allocated to each Contractor for each question. A moderation meeting was subsequently held to agree a score for each response.

Contractor	Quality Score	Cost Score	Total Score	Ranking
John Southworth Builders	46.4%	20%	66.4%	2
PLP Construction	68.8%	17.53%	86.33%	1

Following conclusion of the selection process PLP Construction are ranked as preferred Contractor. PLP Construction scored highest on the qualitative assessment whilst also providing costs for the elements requested that was considered within the range of what would be expected. PLP Construction have assumed a phased approach to the programme, which would allow Site 1 to be complete prior to the end of March 2023 which meets the target Practical Completion date for grant funding. Site 2 would reach Practical Completion early April and Site 3 would reach Practical Completion by June 2023.

### 3. Social Value

PLP will have a dedicated Social Value Officer who will engage with Homelessness charities to provide access to social care and support for the vulnerable residents who will call these new properties home.

They propose to work with Salford Job Centre on Paddington Close, Emmaus Salford Homeless Charity, Shelter, Salford Foodbank in Media City, St Luke's C of E Primary School, Salford, Willow Tree, Primary School, Buile Hill Academy, All Hallows RC High School and The Albion Academy, Pendleton Sixth Form College and Salford City College.

PLP will engage with Salford City Council and Paul Dennett's Mayoral office in order to develop a collective plan to deliver a range of social value activities. They will also commit to joining the Salford Social Value Alliance to help make Salford 10% better, sign up to the Social Value Pledge and Salford's Employment Charter.

They have committed to produce a monthly report for Salford City Council outlining all social value activity achieved on this project. All outcomes can be recorded using TOMS. Below is an example TOMS table of the social value contribution this project could achieve:

TOMS	Description	Value	Total
NT7	Skills/employment opportunities for unemployed local people	£100.33 x5 people	£501.65
NT12	Work placement opportunities on site and in the MMC factory	£148.95 x25 weeks	£3724
NT8	Attendance at Careers Events – local schools and colleges	£14.80 x 5 visits	£74

NT10	Apprenticeship opportunities supported on the project (Direct and Supply Chain)	£176.80 x 20 weeks	£3536
NT28	Donations to local charities	£1 x £1000	£1000
NT29	Volunteering in the community	£14.80 x 5	£74
NT1	FTE Directly employed staff who will work on the project – trades office and management based in Greater Manchester	£26,746 x 3.5	£93,611
NT18	Local Supply Chain / Supplier Spend	£1 x based in Greater Manchester Area	£650,000
			<b>£752,520 Social Value Activity</b>

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#### KEY COUNCIL POLICIES:

Housing and Regeneration

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#### EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

The delivery of new homelessness move on accommodation and affordable housing helps to address equality outcomes through the provision of good quality, well managed and secure housing.

#### ASSESSMENT OF RISK:

Risks will be monitored and mitigated through the project group. The main risk is achieving spend in accordance with grant funding requirements. Approval of the report will ensure the schemes can begin before the end of October 2022.

If at any point the cost is not viable or providing VFM (Value for Money) SCC are not bound to enter any PCSA or contract with PLP. An assessment of the risk of placing orders will be carried out prior to placing a deposit on the manufacture of units.

There are also potential construction risks of rising costs and material shortages.

#### SOURCE OF FUNDING:

Capital Programme and RSAP Grant

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#### LEGAL IMPLICATIONS: Supplied by: The Shared Legal Service – Tony Hatton

When commissioning contracts for the procurement of goods, services or the execution of works, the Council must comply with the Public Contracts Regulations 2015 (PCR) and its own Contractual Standing Orders (CSO's), failing which a contract may be subject to legal challenge from an aggrieved provider. CSO's apply to every contract, including temporary ones, for the procurement of supplies, services and the execution of works undertaken by or on behalf of the Council, subject to certain exceptions listed in the Orders.

CSO's stipulate that where a suitable framework exists, this must be used unless there is an auditable reason not to do so. The proposed award of the contract follows a call off exercise in accordance with the ICN (Innovation Chain North) Framework referred to in the body of the report, which is a fully compliant framework from a legislative perspective available for the Council (and other local authorities as described) to use.

The Council can comply with the requirements of PCR by carrying out its own procurement exercise or relying upon another contracting authority's compliant procurement exercise. In that regard, contracting authorities may procure goods, works or services through a 'central purchasing body' (and are deemed to have complied with PCR to the extent that the central purchasing body has). The definition of 'central purchasing body' includes an authority that concludes framework agreements for works, goods or services intended for one or more contracting authorities.

In this instance, following an earlier expression of interest, two submissions were received from tenderers on the framework, which were evaluated on the most economically advantageous tender basis in line with the published criteria resulting in the proposed award of the contract to PLP Construction. The Council will need to have followed the procedure set out in the framework agreement to ensure the procurement process is compliant and bids are evaluated in accordance with published criteria, in which case the procurement procedures appear robust and compliant with the requirements of the Council's CSO's and public procurement legislation.

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**FINANCIAL IMPLICATIONS:** Submitted by: David R Mills – Commercial Finance Manager

Provision for the council's contribution for the RSAP accommodation is included within the approved capital programme following internal financial modelling based on 40 years borrowing with the rents covering the cost of borrowing, management and maintenance costs and life cycle costs from year 6. The modelling assumes cost and revenue increases in line with CPI.

The delivery of affordable accommodation under the councils' affordable homes programme will also be subject to its business case being approved by Derive RP.

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**PROCUREMENT IMPLICATIONS:** Supplied by: The Corporate Procurement Team – Debbie Derbyshire

The procurement of the project was undertaken by utilising the ICN Framework which is a compliant route to market. The framework complies with the Procurement Contract Regulations and therefore is also compliant with the Contractual Standing Orders.

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HR IMPLICATIONS: N/A

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CLIMATE CHANGE IMPLICATIONS:

These implications are addressed in other reports and processes.

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OTHER DIRECTORATES CONSULTED:

Place, People and Service Reform have all been engaged

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CONTACT OFFICER: Konrad Magdzinski – Principal Officer Development

TELEPHONE NUMBER: 793 2197

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WARD(S) TO WHICH REPORT RELATE(S):

Weaste & Seedley  
Walkden North

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