

EXEMPTION REPORT TO CORPORATE DIRECTOR RESOURCES AND DIRECTOR OF GOVERNANCE (OR DELEGATED OFFICER) UNDER SECTION 4 OF THE CONTRACT RULES FOR CONTRACTS UNDER £500,000

Report Title: Cambridgeshire & Peterborough Combined Authority – Housing Programme - Modular/Off Site Construction Feasibility Study

Date: 2 July 2017

Exemption report 00283 for approval:

Procurement Working Group notified on 05 July 2017

Approved by Natalie Moulton for Legal Services on 2 July 2017

Approved by Marion Kelly for Strategic Finance on 05 July 2017

Approved by Andy Cox for Procurement on 06 July 2017



Signed:

Corporate Director, Resources

Date: 6th July 2017

<p>Exemption required</p>	<p>Award of Contract to: DLS Strategic Ltd</p> <p>Contract Sum: £15,937.00 plus VAT</p> <p>For the provision of a Housing Programme Off-site Construction Methods Feasibility Study. Feasibility Study (4.5 days @ £850 per day), Technical Paper (4.25 days @ £850 per day) and Strategic Outline Business Case (10 days @ £850 per day)</p> <p>Contract Period: from date of approval until completion expected by 31 August 2017</p>
<p>Background Information and reasons for exemption.</p>	<p>Cambridgeshire and Peterborough Combined Authority (CPCA) governance is being requested under Peterborough City Council due to the outstanding VAT issues, where the Combined Authority cannot currently reclaim VAT on any invoices it processes. This is being resolved by way of a Section 33 VAT Order being issued by Parliament, for which DCLG are acting on the Combined Authority's behalf to progress this via HMRC and the Treasury. In the interim, the most practical solution is for Constituent Authorities (of which Peterborough City Council is one) to engage with external suppliers directly and then to recharge the Combined Authority once the VAT position has been resolved.</p> <p>The Corporate Director of Resources of the Council is the interim Chief Finance</p>

Officer and Section 151 officer of the new CPCA. The Director of Governance of the Council is the interim Monitoring Officer of the CPCA.

The CPCA wishes to commission a feasibility study to consider how off-site construction methods can be used to assist in furthering development of its ambitions and speed up housing delivery. Engagement with this supplier will contribute to the CPCA achieving Housing Programme objectives, in line with agreed and required deadlines of the Combined Authority Board. CPCA requires an understanding of its options for the creation of an offsite local delivery model within its operating area (and wider area as applicable) that is commercially viable whilst providing as yet unspecified social and economic benefit to ensure that a predictable housing supply is maintained. Offsite housing delivery relies on continuity of supply and it is critical that a full understanding of the extent of both demand and supply is obtained in order for the CPCA to produce a development plan for the next 5/10 years.

The CPCA seek to appoint this Consultant to provide expert independent advice. Specifically the feasibility study will:

- At the outset it is anticipated that a working session(s) will be required with key stakeholders from the Combined Authority and the member local authorities to confirm the 5-10 year development plan across the region and to determine and effect the data collection required for the study.
- Prepare a technical paper setting out the necessary considerations in setting up an off-site housing manufacturing production plant. Details of the requirements for the technical paper are set out below.
- Provide advice about the likely local market in Cambridgeshire and Peterborough for an off-site manufactured housing product, and undertake relevant local market research. This will include reference to relevant recent studies and lessons learned within the sector and existing work that is currently underway in the area for example, but not limited to Build East who are conducting a study across the East of England.
- Provide advice about the activities of potential local (regional and national) competitors that are currently operating in this market space or currently considering investing.
- Provide advice, based on examples from around the UK about the more effective business operating model, including partnership, joint venture and investment options setting out the relevant governance and control mechanisms. Set out the specific revenue and capital funding that would be required from the Combined Authority to progress these options.
- Provide advice about potential funding sources to support this work and assist in preparation of bids for appropriate available funding.
- Provide advice about the key risk issues that the Combined Authority would need to consider in developing this proposal.
- Prepare a strategic outline business case (in accordance with Government / Treasury guidelines) for the proposal.

Deliverables - The following outputs will be required from this commission:

- A detailed technical paper.
- Written advice on options, funding, risks and potential rewards.
- A report setting out the market research undertaken and the findings.
- Completed strategic outline business case for the recommended option.
- Completed bid for appropriate funding from for example DCLG, GCGPLEP or other funding body.
- Non-Technical Summary of outputs.

Due to the urgent nature of this requirement, awarding to DLS Strategic Ltd provides a quick and effective way for the CPCA to access the specialisation required and expertise at this crucial stage of development.

	<p>The CPCA shall ensure compliance with IR35 in respect of this appointment.</p> <p>Consideration has been given to Public Contract Regulations 2015. This appointment is below threshold.</p>
Alternative options considered.	<p>Do Nothing. This option was discounted on the basis that the CPCA requires an off-site construction method feasibility study to be undertaken urgently in order to achieve Housing Programme objectives, in line with agreed and required deadlines of the Combined Authority Board.</p> <p>Seek Quotations. This option was discounted on the basis that the advice required by the CPCA is urgent.</p>
Value for Money	This direct award enables the CPCA to draw upon specialist expertise and capacity from a pool of quality associates at valuable, flexible day rates.
Reason for failure to obtain the required quotes (please tick one or more)	<p><input checked="" type="checkbox"/> Option (1): A contract to be placed by direct negotiation with one or more suppliers rather than in accordance with the Contract Rules;</p> <p><input type="checkbox"/> Option (2) Working in partnership with another public body and the Council is satisfied that their contract rules have been followed in the in the letting of the contract.</p> <p><input type="checkbox"/> Option (3) An extension to an existing contract where:</p> <p style="margin-left: 40px;">(i) a change of supplier would cause:</p> <ul style="list-style-type: none"> • disproportionate technical difficulties • diseconomies; and/or • significant disruption to the delivery of works, services or supply; and/or <p style="margin-left: 40px;">(ii) the contract provides for it to be extended in the manner proposed.</p>
Does this report contain exempt information?	No
Declarations/Conflicts of Interest and Dispensations granted	Not Applicable
Background documents used to prepare this report	Not Applicable

in accordance with the Local Government (Access to Information) Act 1985 and the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012	
Officer requesting approval	Kim Sawyer Director - Governance

If contract value is over £25,000, forward the details below to your Serco Procurement Officer for publication of contract award on Contracts Finder.

1. Name of Supplier;
2. Date of Contract;
3. Total Contract value;
4. Confirmation whether the supplier is a small, medium enterprise or a non-governmental organisation that re-invests surplus monies to further social, environmental and cultural objectives.