

Item No. 8.	Classification: Open	Date: 14 June 2022	Meeting Name: Cabinet
Report title:		Gateway 1 Procurement Strategy Approval Contractor Services for the Ledbury Estate	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Darren Merrill, Council Homes and Homelessness	

FOREWORD – COUNCILLOR DARREN MERRILL, CABINET MEMBER FOR COUNCIL HOMES & HOMELESSNESS

In December 2021 a cabinet report was agreed to allocate funds as detailed below, but in the intervening period cost inflation has increased the expected cost for this project.

This cabinet report seeks approval for a budget to appoint a main contractor to deliver 340 high-quality new homes, the majority of which will be for council rent. Not only will we be replacing existing homes, we will also be building additional and much needed new council homes to help meet the needs of the 16,200 households on our housing allocations list.

The replacement homes will meet the commitment made in the Landlord Offer to Ledbury residents. We have worked closely with Ledbury residents, local community groups and other stakeholders to prepare designs that meet the requirements of the Landlord Offer and reflect the views and feedback from those living on the estate. The wider community will also benefit from the development, as we will provide a new TRA hall and provide better quality green and play spaces across the estate.

I want to thank the members of the Resident Project Group for their ongoing commitment and dedication to the future of the Ledbury, along with the wider members of the Ledbury community who have given us a clear direction through both the ballot and TRA vote results. I am looking forward to working with them in the future.

RECOMMENDATIONS

That the Cabinet:

1. Approves the procurement strategy for new build works at Ledbury Estate which is currently estimated at a cost of approximately £161m with a contract duration of up to six (6) years.

2. Notes that this cost is the current best estimate based upon current market conditions. This may change over the coming months and will be updated accordingly should this happen.
3. Notes that the GW2 for procurement of the main contractor will be brought to cabinet seeking approval following completion of the tender process.

BACKGROUND INFORMATION

4. This procurement strategy relates to the Ledbury Estate within the council's Southwark Construction Programme, which is part of the council's commitment to build 11,000 new homes by 2043.
5. The Southwark Construction Programme (formerly the New Homes Development Programme) is aimed at creating new homes from existing council assets and acquiring new assets. The principle of New Homes Development was agreed by cabinet in July 2012.
6. Cabinet approved a report in December 2021 allocating £149.58m from the Housing Investment Programme to the main works contract for the Ledbury Estate, along with a further £19.16m for oncosts. (This followed on from initial approval of £5.4m for oncosts for the early design work). Approval at December cabinet was granted for a total scheme cost of £174m.
7. The construction market is experiencing a period of volatility and has since seen a rise in inflation which is affecting a number of tender returns, the current estimated cost for delivering the main works for this scheme is £161m (at current market rate).
8. In addition to an increase in the inflation forecast, the cost increase estimate also reflect changes to the current proposals following progression of design development as well as an increase in associated contingency sums.
9. Ledbury Estate will deliver 340 homes and will provide a mix of one to five bed units predominantly for social rent as well as private sale in six blocks across the Bromyard and Old Kent Road sites. There will be no net loss of council homes and at least 50 per cent of the new homes will be social rented.
10. This procurement is over the Public Contracts Regulations (PCR) 2015 and has an estimated works cost of £161m. The estimated total scheme costs (inclusive of fees) are £192.5m. The fees include:
 - a. Architects Fees;
 - b. Employer Agent Fees;
 - c. CDM Coordinators;
 - d. Surveys;
 - e. Planning Application Fee;
 - f. Contingency; and

- g. Administration and Development Allowance.
- 11. The above fees are subject to a separate approval process and the services will be procured in line with the council's procurement rules and Contract Standing Orders (CSO).
- 12. Due to the Greater London Authority (GLA) funding requirements the council need to be in contract and have started on site by September 2022. To achieve this target, a GW1 paper is being progressed for the procurement of a demolition contractor, which is estimated to have a contract value of below £2.5m. This is included with the estimated £161m estimated cost discussed above.

Summary of the business case/justification for the procurement

- 13. The council has committed to the delivery of 11,000 new homes by 2043. This procurement exercise will build on the progress made to date and significantly contribute to the target of 11,000 homes by 2043.
- 14. Additional key deliverables are as follows:
 - a) Maximise and enhance the utility, value and quality of council-owned land and buildings to deliver:
 - High quality homes for rent
 - Improved streetscapes and permeability
 - Employment and training opportunities
 - b) Deliver high quality and fit-for purpose public buildings at good value.

Market considerations

- 15. This is a relatively significant sized project and likely to be attractive to local medium and large sized contractors, therefore the tendering process needs to reflect this by ensuring that the appropriate works contractors are targeted.
- 16. The construction industry is currently very buoyant, whilst the council has had relatively good responses from the tenders' processes previously; the council is finding that some contractors are becoming more selective about which projects they choose to submit a tender for. The council has had some projects for which they have few tender responses, these tend to be projects that have significant site constraints and likely to have a higher degree of risk around the fixed priced. There is still a very high demand for construction services, and with many London boroughs engaging in the development of affordable housing, this is only likely to increase.
- 17. It has been reported that there are shortages of materials, which has led to increases in cost, which is due to a range of external challenges and

circumstances, however the indications suggest that the industry will remain relatively buoyant due to the level of demand.

18. As a result of the current external challenges, it is likely to be that the market is more competitive and contractors are more selective in terms of the projects they wish to take on, and that the council can expect further fluctuation. This means that it will be important for the Southwark Construction Team to have range of procurement routes at their disposal, in order to ensure that they are robust enough to adapt to changes in the market conditions.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

19. As this project is above the PCR threshold for public works the full tendering requirements of the PCR 2015 would apply. The following procurement options are therefore available to the council:

A Do Nothing

20. Do nothing is not an option for this procurement due to the requirement to re-provide replacement homes for residents of the Ledbury Estate and the council's commitment to build high quality affordable housing.

B A PCR Compliant Framework

21. There are a number of frameworks available for the council to use, these include:

Framework	Expiry	No. of Contractors	Fee
Hyde Housing (National Framework Partnership)	January 2025	Lot 6: 12 Lot 7: 11	£2,500 to £5,000
South East Consortium	March 2025	8	£4,000 (one off use) or £10,000 (unlimited)
Notting Hill Housing	TBC	TBC	TBC
London Construction Panel	May 2023	10	Free
Crown Commercial Services	October 2026	Lot 4: 14	TBC
Catalyst Constructor Services	June 2023	6	Free
Scape	August 2026	1	No

22. Most frameworks offer a good range of contractors; however they still offer a more limited market than a PCR compliant tender process that is open to the full market. It should be noted some of the same contractors are on the different frameworks.
23. Frameworks will offer a quicker route to procurement than going to market through a PCR compliant tender exercise that is open to the full market.
24. The following tables summarises and compares each of the frameworks in terms of contractors available:

South East Consortium	London Construction Programme	Catalyst Constructors Services	Notting Hill Housing
Bugler Developments	Bugler Developments Ltd	Hill Partnership	To be confirmed <i>They are in the process of awarding a new framework</i>
United Living	Durkan Ltd	Durkan	
Castleoak care Partnerships	Engie Regeneration Ltd	Engie	
Kind & Company	Galifiord Try Construction (UK) Ltd	Jarvis	
DCB (Kent)	Geoffrey Osbourne Ltd	Lovell Partnership	
Real LSE	Kier Construction London	Higgins Construction	
Wates Construction	McLaren Construction Ltd		
M B McNamara Construction	Rydon Construction Ltd		
	Willmott Dixon Holdings		

Hyde Housing (National Framework Partnership)		Crown Commercial Services	Scape
Lot 6	Lot 7	Lot 4	
Kier Construction	Kier Construction	Kier Construction Ltd	Wates Construction Ltd
McLaren Construction Ltd	McLaren Construction Ltd	BAM Construction Ltd	
John Graham Construction Ltd	John Graham Construction Ltd	John Graham Construction Ltd	
Wates Construction Ltd	Wates Construction Ltd	Wates Construction Ltd	

Hyde Housing (National Framework Partnership)		Crown Commercial Services	Scape
United Living Ltd	Higgins Partnerships	ISG Construction Ltd	
Hill Partnerships Ltd	Hill Partnerships Ltd	Balfour Beatty	
Bennet Construction Ltd	Midgard Ltd	Galiford Try Construction Ltd	
Bugler Developments Ltd	Engie Regeneration Ltd	Lang O'Rourke Construction Ltd	
Real Places Ltd	Vistry Partnerships Ltd (Galiford)	McLaughlin & Harvey Ltd	
Purlake New Homes Ltd	Bouygues UK Ltd	Bouygues (UK) Ltd	
Henry Construction Projects Ltd	McAleer & Rushe Contracts Ltd	Tarnac Trading Ltd	
		Tilbury Douglas Construction Ltd	
		Skanska Construction Ltd	
		Willmott Dixon Construction Ltd	

25. The council has already procured a number of contractors using PCR compliant frameworks.

C Open / Restricted PCR Compliant Tender – Single Stage (SQ/Tender)

26. An open / restricted PCR Compliant single stage tender process will offer the council access to the full market and allows the council to be able to demonstrate value for money. This is a route the New Homes Development Team successfully used to procure contractors for a number of projects since 2017.
27. A single stage tender process offers a competitive route to procuring contractors with tenderers having to put their best offer forward in order to be awarded the contract. This route does have its drawbacks, one of which is that it can take longer when compared to calling off an existing framework and will often be insufficient for more complex or phased projects.
28. The stages of this approach generally are:
- a. Selection Questionnaire
 - b. Invitation to Tender (ITT) resulting in a JCT Design and Build Contract

D Open / Restricted PCR Compliant Tender – Two Stage

29. An open / restricted PCR compliant two stage tender process will offer the council a more robust process for phased projects, programmes delivering more than one project or where there is uncertainty in the market place.
30. A two stage tender process is a more collaborative approach that allows the council to select the right contractor on the basis of an outline project plan, appointing them to a Delivery Agreement. The Delivery Agreement sets out the relevant project's two stages: the first governed by the terms of a pre-construction services agreement, the second stage being the works themselves governed by a main works contract. The first stage sees the council and appointed contractor develop the detailed design and technical specification, upon which the contractor draws together its subcontractors to finalise pricing based on established pricing principles. Proceeding to the second stage is subject to the council's agreement.
31. Using a two stage process is likely to be required only on specific projects or in specific market conditions, as with the single stage process it can be resource intensive and typically takes longer to complete than calling off an existing framework through a single stage process.
32. The stages of this approach generally are:
 - a. Selection Questionnaire
 - b. ITT resulting in a Delivery Agreement and/or Preconstruction Services Agreement
 - c. Tendering of the subcontract packages (generally around 80% of packages tendered) resulting in a JCT Design and Build Contract

E Competitive Procedure with Negotiation

33. A Competitive Procedure with Negotiation (CPN) would allow the council the flexibility to enter into a dialogue with bidders if required.
34. To date the New Homes Development Team has undertaken Restricted Procedure on a number of previous procurements. This has led to some contractors trying to negotiate the terms of the contract after the award of contract and led to delays entering into the contract.
35. Whilst the council would not want to negotiate on the contractual terms and conditions, the CPN route would allow council to establish when the site or contractual issues may be a challenge for bidders and allow the council the option to adjust its position during the procurement process. This would also allow the council another avenue to state to the tenders where the council's position is fixed and non-negotiable.
36. The drawbacks of this route are that it will increase the length of the procurement process, however this could result in time saved later when the council is entering into contract.

Proposed procurement route

37. Officers are seeking approval to undertake a procurement exercise via the Hyde Housing (National Framework Partnership) framework, which is in line with PCR 2015 (as amended). The Employers' Agent undertook a soft market exercise, which determined that lot 6 of the framework, would provide access to a number of appropriate contractors, whilst achieving the tight timeframes to get the contract awarded.
38. Due to the volatility of the current market, it may be necessary to adapt the proposed procurement route, should this be required officers will discuss this change with Lead Member for Council Homes & Homelessness and the Managing Director of Southwark Construction, with the final decision to be approved by the Strategic Director of Housing and Modernisation.

Identified risks for the procurement

39.

	Identified Risk	Likelihood	Risk Control
1	Insufficient interest from contractors.	Medium	Contractors will be approached prior to tendering a project to ascertain their interest.
2	Quality of submitted tender proposals do not meet the Councils expectations	Low	Officers will ensure that the project brief is comprehensive, clear and without ambiguity. The tender will also be rigorously assessed during the evaluation stage.
3	Cost proposed is in excess of budget and does not deliver value for money	Low	Officers have ensured that all necessary surveys have been undertaken and that a cost plan that identifies any associated risk is developed. A detailed specification will form part of the tender pack so that expectations are clearly identified.
4	Challenges to procurement outcome	Low	Officers will ensure a robust procurement process in line with

	Identified Risk	Likelihood	Risk Control
			PCR 2015 is followed and will liaise closely with the council's procurement and legal departments.
5	Contractors cease trading, goes into administration / liquidation	Medium	Officers will undertake financial and credit checks to ensure that only financially healthy companies progress. A performance bond / a parent company guarantee is considered and/or sought for each contract to mitigate this risk. Officers will review capacity and raise any concerns, and seek an appropriate route for managing this risk.
6	Impact of national/global events	Medium	<p>The construction market is currently very buoyant, however it is experiencing record inflation in terms of prices and rates, which is caused by a range of external factors including Brexit, Covid-19 and more recently increases in energy prices.</p> <p>This is likely to continue for the short to medium term and is likely to be impacted further by other emerging situations (e.g. Russia/Ukraine war).</p> <p>This is a risk that will need to be monitored.</p>

Key /Non Key decisions

40. This report deals with a key decision.

Policy framework implications

41. The new homes delivered through the Southwark Construction Programme are in line with the council's principles and vision for a new housing strategy which is aimed at increasing the availability, affordability and quality of homes in the borough.

42. This procurement exercise supports the council's Fairer Futures Commitment – A place to belong to. The new homes will play a key role in assisting the council achieving its target of building 11,000 new council homes by 2043.
43. These procurement exercises will also be subject to the Fairer Future Procurement Framework (FFPF). Each competitive tender process undertaken will ensure that the council is receiving value for money and delivering added social value.
44. The long term housing vision for the borough (sets a clear policy direction for the council that directly impacts the delivery of the new homes set out in this report. The vision comprises four overall principles:
- The council will use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
 - The council will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in private, housing association or council ownership.
 - The council will support and encourage all residents to take pride and responsibility in their homes and local areas.
 - The council will help vulnerable individuals and families to meet their housing needs and live as independently as possible.

Procurement project plan (Key decisions)

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	10/03/2022
DCRB Review Gateway 1	04/05/2022
CCRB Review Gateway 1	12/05/2022
Brief relevant cabinet member (over £100k)	11/05/2022
Notification of forthcoming decision - Cabinet	14/06/2022
Approval of Gateway 1: Procurement strategy report	21/06/2022
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	29/06/2022
Completion of tender documentation	25/05/2022
Publication of Find a Tender Service Notice	n/a
Publication of Opportunity on Contracts Finder	n/a
Closing date for receipt of expressions of interest	n/a
Completion of short-listing of applicants	n/a

Activity	Complete by:
Invitation to tender	30/06/2022
Closing date for return of tenders	21/10/2022
Completion of any clarification meetings/presentations/evaluation interviews	11/11/2022
Completion of evaluation of tenders	25/11/2022
Forward Plan (if Strategic Procurement) Gateway 2	16/05/2022
DCRB Review Gateway 2:	05/12/2023
CCRB Review Gateway 2:	08/12/2023
Notification of forthcoming decision - Cabinet	17/01/2023
Approval of Gateway 2: Contract Award Report	25/01/2023
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	02/02/2023
Debrief Notice and Standstill Period (if applicable)	09/02/2023
Contract award	16/02/2023
Add to Contract Register	02/03/2023
Place award notice on Find a Tender Service	02/03/2023
Place award notice on Contracts Finder	02/03/2023
Contract start	03/03/2023
Initial contract completion date	31/05/2028
Contract completion date – (if extension(s) exercised)	31/05/2028

45. To ensure that the project meets the GLA start on site deadline of September 2022, a demolition contractor is being procured, via a separate GW1. Whilst demolition works are being progressed the procurement of the main contractor will be progressed concurrently so that commencement of the main works overlaps with demolition works. This approach will ensure that the GLA's start on site definition is met and the allocation secured.

TUPE/Pensions implications

46. Not applicable.

Development of the tender documentation

47. The Southwark Construction Team has developed template tender documentation and the quality and pricing evaluation methodologies for the framework tender process.

48. Officers in the Southwark Construction Team will work with the Employers' Agent to include the scheme specific information within the tender packs.
49. Officers will develop the framework specific tender documentation in line with the framework guidance.
50. The tender packs, ITT questions and price/quality evaluation criteria will all be reviewed as part of a process with legal and procurement team prior to the tender commencing.
51. The tender documents will include:
 - a. Selection Questionnaire / Expression of Interest and guidance document (if required)
 - b. Instructions To Tenderers
 - c. Contract documents, amendments and terms and conditions
 - d. Employers Requirements
 - e. Scheme details including;
 - i. Site information
 - ii. Project drawings
 - iii. Project plan
 - iv. Relevant surveys & reports
 - f. Tender evaluation methodology
 - g. Contract Sum Analysis Template
 - h. Form of Tender and necessary undertakings and certificates
 - i. Compliance table

Advertising the contract

52. This opportunity will only be advertised to those contractors on the relevant lot in this framework.

Evaluation

53. Officers will follow the guidance and process set out in the framework document. Our legal team will reviewed the framework agreements to ensure that the council is interpreting them correctly.
54. The contract will be awarded on the basis of using a combined price/quality/social value ratio which takes into account the council's requirement to include social value evaluation for all procurements above £100,000. The ratio will be 55/35/10 which is in line with the framework rules. Any deviation from the intended 55/35/10 price/quality/social value ratio (which would be decided by the Managing Director of Southwark Construction on the basis of current market conditions, recent experience or framework requirements) will be highlighted in the Gateway 2 report.

Mini Competition

55. The quality assessment will be undertaken through the provision of method statements which will be used to evaluate applicants against the key quality criteria, for which there will be a minimum pass mark for each question.
56. The quality assessment will include a number of method statements based on the following criteria:
 - a. Delivery of the Scheme
 - b. Quality & Value for Money
 - c. Capacity & Resourcing
 - d. Health/Fire Safety
 - e. Project Specific Question
57. The social value assessment will be undertaken by a third party via the Social Value Portal. For each procurement tendered a number of Themes Outcomes and Measures (TOMS) will be selected that will reflect 10% of the estimated contract value.
58. For the price assessment the contractors will be asked to provide a detailed cost plan and contract sum, qualifying any provisional sums that are included.
59. The aspects of the financial submission will be weighted on the basis of maximum points awarded to the tenderer with the lowest price with each remaining tenderers' price will be awarded a score based on the percentage difference between their submission and that of the most competitive.
60. The submitted tenders will be evaluated and scored by a panel made up of:
 - a. Employers' Agent
 - b. Development Manager
 - c. Project Manager
 - d. Project Co-ordinator
61. The Employers' Agent, will submit a Tender and Value for Money Report, this will conclude that the highest scoring tenderer be recommended for award through a Gateway 2 to enable the contract to be entered into.

Community, equalities (including socio-economic) and health impacts

Community impact statement

62. The redevelopment proposals entails the demolition of 224 homes, which are no longer fit for purpose and beyond economic repair. The re-provision of new homes will be of a high quality and compliant with current statutory policies, requirements and regulations including fire safety and sustainability.

- 63. These will enable residents the option to return to the estate to permanent homes, which will afford them peace of mind. In addition to this, residents will enjoy homes of the same space standards of their previous homes or above in line with the terms set out in the Landlord Offer document.
- 64. The provision of half of the additional homes for council rent will address the housing need identified on the Ledbury Estate and provide homes for others across the borough with most need for safe and secure housing.
- 65. The wider Ledbury community will directly benefit from the re-provision of new and improved facilities, namely a new Tenants & Residents Association (T&RA) hall, which has been designed as the hub of the community, a new mixed use games area, currently predominantly used for football. Following feedback from younger residents, there will also be improvements made to the skate park area/BMX track located in Bird in Bush Park.
- 66. There will also be an increase in both the quantum and usability of green space on both development areas, as well as an increase in quantum and variety of play space. There will also be a series of small interventions across the estate to help integrate the new provision with the existing homes, such as an improvement to the Bromyard courtyard area.
- 67. All of the above is being designed with close engagement with members of the community as referred to in other sections of this report.

Equalities (including socio-economic) impact statement

- 68. The successful contractor will be required to adhere to the council's equality and diversity policies
- 69. The new genuinely affordable homes will be available to people on the council's housing waiting list. The council's equality and diversity policies will be adhered to during the letting process.

Health impact statement

- 70. The redevelopment of the Ledbury Towers is essential to address the structural and fire safety issues identified in 2017 resulting in the temporary rehousing of the vast majority of households.
- 71. The completion of the new homes will enable residents, who choose to return, the opportunity to return to energy efficient homes compliant with the latest policies and regulations.
- 72. Permanent homes will enable residents with health issues and those who may have been in homes that no longer suited their needs the opportunity to move to more suitable homes. This will have a positive health impact on all these households as this address both their physical and mental well-being.

73. The provision of new quality homes provides a positive impact on health inequalities, as the new homes will be designed to current quality and space standards that will contribute towards addressing health inequalities.
74. The proposals to increase the supply of genuinely affordable, good quality homes will benefit households in need from all Southwark communities, and will increase the housing options available for older people and people with disabilities.

Climate change implications

75. On 18 June 2019, the council's cabinet agreed the resolution passed by the council assembly on 27 March 2019 to "declare a Climate Emergency and do all it can to make the borough carbon neutral by 2030." The cabinet noted "that there are considerable financial savings to be made by 'going green', whether it be more energy efficient lighting, smart meters at council properties, or piloting energy generation schemes such as installing solar panels on council properties".
76. The government estimates that residential buildings account for 27% of Southwark's carbon emissions. The council's direct emissions account for 12% of the borough's emissions and council housing is the second largest contributor to carbon emissions at 14%.
77. In line with this, the proposed redevelopment will be designed to meet the highest energy and sustainability targets in line with both the council's and GLA policies. The energy strategy will follow the four step Energy Hierarchy outlined in the London Plan:
 - Be Lean: fabric first approach with low u-values and air permeability, high efficient lighting and mechanical ventilation to reduce energy demand
 - Be Clean: connection to the local South East London Combined Heat & Power (SELCHP) district heating network for low carbon heating and hot water supply to all uses in the development
 - Be Green: solar PV will be maximised in all available roof space
 - Be Seen: the development will incorporate a monitoring strategy to reduce the performance gap
78. Furthermore a Whole Life Cycle Assessment will be undertaken to ensure embodied carbon associated to the buildings construction is minimised as much as possible.
79. Through this strategy it is expected that the carbon reduction on site will be significantly above the London Plan minimum target of 35% reduction in regulated carbon dioxide emissions and the development will contribute to a low carbon future.
80. The tender packs and evaluation process will consider how we can ensure

that bidders have embedded climate change and the green agenda as part of their working practices and company philosophy, which in turn can be monitored and measured throughout the contract.

Social Value considerations

81. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well-being of the local area can be secured.
82. As set out above, bidders will be scored on the basis of their social value submission. The tender pack will set out appropriate and practical social value outcomes the council may be looking for on this project.

Economic considerations

83. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. The 11,000 new homes programme is a strategically important undertaking for the council and its benefits are expected to be realised in a number of ways, including the recruitment of qualified staff, retention of staff and an improved service delivery to the council.
84. Following award, quality improvements and costs implications linked to the payment of LLW will be monitored as part of the contract review process.
85. It is acknowledged that the Fairer Future Framework requires one apprentice per £1m for contracts valued over £1m. Due to the value of this scheme the project team will aim to ask for what the project can reasonably accommodate and work in partnership with the contractor to provide a sustainable apprenticeship through this scheme.

Social considerations

86. The new housing will provide high quality affordable housing for local people in need of accommodation. The provision of half of the additional homes for council rent will address the housing need identified on the Ledbury Estate and provide homes for others across the borough with most need for safe and secure housing. The remainder will be made available to other households in need of accommodation from the council's housing register.
87. The new rented homes will be let at Council rent levels.

Environmental/Sustainability considerations

88. By investing in high quality, well designed buildings and estates the council aim to achieve positive impacts which will benefit the environment and increase the stock of environmentally friendly buildings within the borough.
89. As part of the design development process, there will be a requirement for environmental assessments to be completed, with a view to identifying what impact would be caused by any proposed development.

Plans for the monitoring and management of the contract

90. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
91. The project clienting, including the management and administration of the contractor appointments, will be run and resourced through the Southwark Construction Team in the Asset Management Division of the Housing & Modernisation Department. Performance of the consultant team will be subject to constant scrutiny and monthly formal review including reviews on cost, quality and programme. The officer client team will use a number of mechanisms for monitoring and controlling the financial and programme performance of the contract, including,
 - Strategic cost plan, which will be regularly reviewed and updated
 - Monthly financial statements by the consultant
 - Monthly appraisals of progress against programme and monthly reports by the consultant
 - Tracking and chasing actions on critical issues
 - Periodic project team 'look ahead' workshops covering key phases of work and risks
 - Risk and issues log
92. Internal governance arrangements for the programme were reported to cabinet in December 2014. These confirmed that ultimate responsibility for

the overall programme resides with the Delivery Programme Board, chaired by the Strategic Director of Housing & Modernisation.

- 93. Annual contract monitoring report will be in line with CSOs.
- 94. The social value deliverables will be independently monitored and reported to council officers by the Social Value Portal.

Staffing/procurement implications

- 95. The staff resources deployed to this procurement is sufficient to meet the proposed timetable.
- 96. The project will be resourced by existing staff, within existing budgets.
- 97. Officer time relating to the management of this project is funded from the capital budgets for the individual projects.

Financial implications

- 98. This report is requesting approval for a procurement strategy, which does not in itself give rise to any financial implications. The estimated cost of this procurement exceeds the budget approved for the project, and so further consideration and budget approval may be required at GW2 before any contract award is made. This may impact on the delivery of other new build schemes to ensure the overall programme remains affordable to the council. Should the project proceed, it will be funded from resources supporting the council's Housing Investment Programme, including grant from the GLA and borrowing as appropriate.

Investment implications

- 99. The cost of this contract will be charged to the respective project cost programmed in the capital allocation for the Southwark Construction delivery budgeted within the council's housing investment programme.

Legal implications

- 100. Please see the legal concurrence of the Director of Law and Governance.

Consultation

- 101. Local residents have been and will continue to be consulted at each stage of the development as outlined in the charter of principles agreed by Cabinet.

Other implications or issues

- 102. None identified.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

103. This report seeks approval from cabinet for the procurement strategy outlined for new build works for Ledbury Estate with an approx. cost of £161m with a contract duration of up to six years commencing March 2023.
104. Cabinet should note that the use of third party framework is allowable under the Public Contract Regulations 2015 and the council contract standing orders.
105. Cabinet also notes the procurement is detailed in paragraphs 19 to 38 and 47 to 61, the risks are detailed in paragraph 39, the impact on equalities, health and climate change are detailed in paragraphs 68 to 80, social value is detailed in paragraphs 81 and 82, confirmation of the payment of LLW is detailed in paragraph 83, management and monitoring of the contract is detailed in paragraph 90 to 94.

Director of Law and Governance

106. This report seeks the approval of Cabinet to the procurement strategy for new build works at Ledbury Estate which is currently estimated at a cost of approximately £161m with a contract duration of up to six (6) years. Cabinet is required to note that this estimated costs is based upon current market conditions and may change over the coming months and will be updated accordingly should this happen.
111. As the value of the works is above the PCR 15 threshold for public works, this procurement is subject to the full tendering requirements of those regulations. As noted in paragraph 37 of this report, the council intends to undertake a procurement exercise via the Hyde Housing (National Framework Partnership) framework, which was procured in accordance with the PCR 2015. The procurement strategy proposes the carrying out of a mini- tendering exercise between suppliers who are parties to the Hyde Housing framework, as set out in this report, and which should enable a best value solution to be agreed with a preferred supplier.
112. Paragraph 38 of this report highlights that due to the volatility of the current market, it may be necessary to adapt the proposed procurement route and that should this be required, discussions will take place with the relevant cabinet member and the Managing Director of Southwark Construction, with the final decision to be approved by the Strategic Director of Housing and Modernisation.
113. The Cabinet's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those

who do not share it. The Cabinet is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 62 to 74 setting out the consideration that has been given to equalities issues which should be considered when approving the recommendations in this report.

Strategic Director of Finance and Governance (H&M 22/011)

114. This report is requesting approval for a procurement strategy, which does not in itself give rise to any financial implications. The estimated cost of this procurement exceeds the budget approved for the project, and so further consideration and budget approval by Cabinet may be required before any contract award is made. This may impact on the delivery of other new build schemes to ensure the overall programme remains affordable to the council. Should the project proceed, it will be funded from resources supporting the council's Housing Investment Programme, including grant from the GLA and borrowing as appropriate.

Director of Exchequer (for housing contracts only)

115. Not applicable.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Ledbury Estate Towers - Future redevelopment update (Item 19)	Southwark Council, 160 Tooley Street	Paula Thornton 020 7525 4395
Link: https://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=7017&Ver=4		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Darren Merrill, Council Homes and Homelessness	
Lead Officer	Stuart Davis, Managing Director of Southwark Construction	
Report Author	Patricia Lewin, Project Manager, Housing and Modernisation	
Version	Final	
Dated	27 May 2022	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Director of Exchequer (for housing contracts only)	No	No
Cabinet Member	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		27 May 2022