

Item No.	Classification: Open	Date: 14 June 2022	Meeting Name: Cabinet Member for Council Homes and Homelessness
Report title:		Gateway 1 Procurement Strategy Approval Styles House New Homes SE1	
Ward(s) or groups affected:		Borough and Bankside	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATIONS

1. That the Cabinet Member for Council Homes and Homelessness formalises their prior approval for the procurement strategy of inviting tenders via the Hyde Framework Agreement as detailed within the report for the construction of new homes in the Styles House Estate at an estimated cost of £14.5m.
2. The Cabinet Member for Council Homes and Homelessness is requested to note the two phases of the project as detailed in paragraph 33 of this report.
3. The Cabinet Member for Council Homes and Homelessness delegates the award of the Phase 2 works contract to the Strategic Director of Housing and Modernisation via a Gateway 2 report for the reasons set out in paragraph 41.
4. The Cabinet Member for Council Homes and Homelessness agrees to defer the repayment of the land exchange contract sum of £12.5m and demolition costs of £0.855m until the long-stop date of 11 August 2025 the latest.

BACKGROUND INFORMATION

5. The purpose of this report is to formalise the procurement strategy to build 25 new council homes in the Styles House Estate. The procurement seeks to use the Hyde Framework to tender the works contract. The procurement has been carried out successfully using the Hyde Framework on the understanding that a generic Gateway 1 for use of the framework was in place. The Cabinet Member for Council Homes and Homelessness was initially briefed on this procurement strategy on 25 June 2021 and again on 10 January 2022. This report seeks to formalise the approval to use of the Hyde Framework Agreement for this project.
6. Southwark underground station was opened in November 1999 and was constructed to facilitate the development of a building above. Numerous

proposals have been developed over the years to construct the building and have been principally hampered by the following constraints:

- I. The engineering constraints and the cost of keeping the tube station open and running during the construction above
- II. The relatively small size of the tube station site which can only accommodate a small floorplate which thus impacts the business case
7. In order to make the project stack up and to pay for the substantial extra costs of building over a live station, the floorplates need to be bigger. To facilitate a larger floorplate, Transport for London (TFL) have acquired 1 Joan Street also known as Algarve House or Platform Southwark in addition to 4 units in the Styles House tower and 1 of the 8 chalet units with a view to carrying out a land swap with the council. Following years of negotiations between the council and TFL on 30 April 2019 Cabinet agreed a land exchange report which facilitated the construction of new council homes on council land, and the construction of employment space above the tube station on TFL land.
8. In 2016, the Styles House Tenant Management Organisation (TMO) working with the council's direct delivery team and engagement support consultant Neil Purvis appointed Bell Phillips Architects (BPA), an architect on the Peabody procurement framework for new council homes to develop a feasibility study for the construction of new homes within the estate.
9. On 12 September 2017, Housing Delivery Board (HIB) recommended approval for a strategy to consult residents of the Styles House estate on a series of concept options for the construction of new homes within the estate.
10. The 30 April 2019 cabinet report allowed for the construction of up to 24 new homes to be paid for by TFL, provided the two planning applications could be successfully submitted in 2020. The negotiated agreement with TFL facilitates a payment by TFL to the council of up to £500k for the council to prepare a planning application for the new homes, on the proviso that it was submitted by March 2020, in tandem with the planning application for the office scheme above the tube station. Both applications were submitted and approved.
11. In order to facilitate the land swap, eight chalet units on the Styles House Estate need to be demolished with the decant of existing residents, as well as the demolition of Algarve House on TFL's land. The land swap provides four units in Styles House tower which TFL have purchased and will be transferred to the council to form part of the decant strategy for those tenants needing to relocate from the chalets. Given the sensitivities of the scheme, the Leader of the Council and the Cabinet Member for New Homes have given commitments at Council Assembly that residents of Styles House would have a final say on any redevelopment project on their estate which would facilitate the construction of both new council homes

and the TFL office development, and would have control over the sign off of each design stage, as set out in the 30 April 2019 cabinet report.

12. On 14 May 2019, the Housing Delivery Board (HDB) recommended approval for the appointment of an external development manager who could interface with both TFL and the TMO to devise a resident-led scheme for the construction of new homes within the new envelope of land provided by the 30 April 2019 cabinet report.
13. A brief for the role was jointly agreed with the TMO project board, and a short list of development management companies was put together who have relevant experience of working on both community-led schemes, and adjacent to transport infrastructure. Igloo Regeneration were introduced to the council by the TFL client. Tenders were jointly evaluated with residents and an interview panel which included residents in June 2019, and a Gateway 2 report was approved on 2 September 2019 for the appointment of Igloo, as Development Manager. Following appointment, Igloo then worked quickly to assemble a full design team, and to agree a final brief for the project with the TMO project board in order to submit a planning application by the end of March 2020 (to qualify for TFL's £500k subsidy as noted in paragraph 10 above).
14. A Gateway 2 report was approved on 10 December 2019 for the appointment of a design team managed by Igloo who would develop the planning application up to submission stage, with an extension cost to completion. On 30 January 2020 the project board agreed to proceed to planning with the scheme subject to an informal TMO organised ballot. The ballot was completed on 27 February 2020 with an 81% turn out and 45 residents voting in favour of the Styles House scheme and five voting against, equivalent to 90% support for the scheme. This provided a strong mandate for the progression of this resident-led scheme. During the process, the residents have moved from a position of resisting any development, to voting in favour of their new housing scheme which will enable the land swap and construction of both projects which was a significant achievement.
15. The land exchange agreement was executed on 11 August 2020 which obligates TFL to pay the council £13m following completion of the agreement.
16. Following the execution of the land exchange and the completion of the planning consent, this report now seeks to formalise the procurement strategy for building the new homes.

Summary of the business case/justification for the procurement

17. This project will deliver a range of strategic benefits for the council, not just the new council homes:
 - a) Deliver 25 council homes and estate improvements in Bankside and The Borough ward

- b) Deliver a new community hall which is directly access from The Cut and can be used by all local community and cultural organisations.
- c) Facilitate the redevelopment of a key development site in the London Bridge Bankside opportunity area which provides next generation green building to support green recovery post pandemic, with 2650sqm of affordable workspace.
- d) Create 2,100+ new permanent jobs
- e) Provide £3m business rates per annum to Southwark
- f) Improved public realm and security around the station and Isabella Street

Market considerations

- 18. This project was relatively significant in size and was likely to be attractive to local, medium and large sized contractors, therefore, the tendering process needs to reflect this by ensuring that the appropriate building contractors are targeted.
- 19. In the last year the council has had relatively good responses from the various tender processes that it has undertaken. There still appears to be a very high demand for construction services with many London boroughs engaging in the development of affordable housing and this is only likely to increase.
- 20. There is a level of uncertainty in the construction industry over the impact of Brexit, which could lead to a shortage of labour and increases in the costs of material, and also the Coronavirus pandemic is likely to have a significant impact on outputs, however demand is not likely to decrease and therefore the sector is likely to remain relatively buoyant.
- 21. The impact for the council over the next few years could be that the market is more competitive and contractors are more selective in terms of the projects they wish to take on. This means that it will be important for the New Homes Development 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.
- 22. There are many medium-sized construction companies that specialise in constructing blocks of new council homes in this size and budget range.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

- 23. A meeting was held with the New Homes Development Team and their procurement consultant on 20 January 2021 to discuss the best possible options for tendering this contract.
- 24. As this project is above the Public Contract Regulations (PCR) threshold for works the full tendering requirements of the Public Contract Regulations 2015. The procurement options available to the council are set out in the

table below with a detailed assessment of the viable options in A and B below.

Number	Option	Assessment
1	Do nothing	Not an option – the council has a commitment to build new homes with the Styles House TMO, and a commitment to the land exchange agreement with TFL.
2	Deliver the project in house	Not viable – the council does not have the capacity or resources to carry out a main contractor role.
3	Deliver the project via TFL contractor	Not viable – TFL does not have the capacity or resources to carry out a main contractor role.
4	Use of an Existing OJEU Compliant Framework	Viable – see discussion in option A below
5	Restricted OJEU Tender	Viable – see discussion in option B below

A. Use of an Existing OJEU Compliant Framework

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

Framework	No. of Contractors	Fee	Available to Southwark
South East Consortium (SEC)	7	£10,000	Yes
Notting Hill Genesis (NHG)	23	Free	Yes
Scape	1	Free	Yes
London Construction Panel (LCP)	8	Free	Yes
Hyde	12	£5,000	Yes

26. Most frameworks offer a good range of contractors (with the exception of the Scape framework); however they still offer a more limited selection than a full PCR tender process. It should be noted some of the same contractors appear on a number of the frameworks.
27. Frameworks can offer an expedited procurement route in comparison to a full PCR tender.

28. The Scape framework only has one contractor on it, the purpose of this is to assist contracting authorities to develop and mobilise works quickly. However, a single contractor framework does raise issues with regards competitiveness and whether this would provide the council with best value for money.
29. The SEC framework offers seven contractors in addition to those provided by NHG, London Construction Panel or Hyde. In addition, approval has already been granted to the council to enter into the necessary access agreements for the NHG, LCP, and Hyde frameworks.

B. Restricted OJEU Tender

30. A restricted PCR 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 has successfully used to procure contractors for eight development projects from 2017 to date, with a number of others currently out to tender.
31. This offers a competitive route to procuring contractors with tenderers having to demonstrate that they offer the most economically advantageous tender 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 from a PCR compliant framework. The restricted procedure is best suited for phased projects.

Proposed procurement route

32. The council's appointed quantity surveyor and project manager for the project Calford Seaden has carried out interviews with contractors on each of the framework, analysing all options and has concluded that the Hyde Framework offers the best range of quality contractors who specialise in projects of this scale and complexity. Soft market testing was carried out with the Hyde contractors and the council is confident that the contractors have relevant experience of similar schemes, and crucially are also interested in tendering for this project.
33. Given the complexities of the site assembly for this project, it has been agreed during the land exchange agreement stage to split the construction of the project into two key phases. The first enabling phase is anticipated to take a year and would involve demolition of all existing buildings, the relocation of the sub-station, TMO office and boiler house. The second phase is anticipated to take 18 months and would involve the construction of the new residential tower. Given the current challenges around build cost inflation linked to BREXIT and Covid-19, it was recommended that a two phase contract is tendered, with a fixed price for phase 1 enabling works, and a pre-contract services agreement (PCSA) to develop a fixed price for phase 2 construction.

34. A restricted PCR tender was discounted due to the length of time and thus resources required, and also the requirement to phase the project.

Identified risks for the procurement

35. The following risks have been identified for this procurement:

	Identified Risk	Likelihood	Risk Control
1	Planning risk	Low	Planning consent has been granted
2	Insufficient interest from contractors.	Low	A soft market exercise was carried out and firms on the Hyde Framework have expressed an interest in tendering
3	Quality of submitted tender proposals do not meet the councils expectations	Low	Officers ensured that comprehensive project briefs that were clear and without ambiguity are produced. Tenders will also be rigorously assessed during the evaluation stage.
4	Cost proposed is in excess of budget and does not deliver value for money	Low	Officers ensured that all necessary surveys were undertaken and a cost plan that identifies any associated risk is developed. A detailed specification formed part of the tender packs so that expectations are clearly identified.
5	Challenges to procurement Outcome	Low	Officers ensured a robust procurement process in line with the PCR 2015 was followed and will liaise closely with the council's Procurement and Legal departments.
6	Contractors cease trading, goes into administration / liquidation	Medium	Officers will undertake appropriate financial assessments and credit checks as part of a compliant

			procurement process. A performance bond / a parent company guarantee is considered and/or sought to mitigate this risk.
7	COVID / BREXIT related supply chain issues / cost escalation	Medium	Construction has continued through the pandemic so whilst there is little risk of works being aborted, there is a risk of supply chain problems, and cost escalation especially related to labour and materials. The council would look to fix a phase one price as soon as practical to avoid further build cost inflation.
8	Funding – TfL do not pay the £13m	Low	TfL have a contractual commitment through the land exchange agreement to make the payment. Provision will be made for a charge to be placed on the land, so that TfL cannot develop or sell the site until the deferred land payment has been paid to the council. A long-stop date of 11 August 2025 has been agreed as the latest TfL may repay the Council.
9	Insolvency – TfL cannot pay	Low	TfL are creating a purpose built property vehicle to take forward this and a number of other projects.

Key /Non Key decisions

36. This is a key decision.

Policy Implications

37. The new homes delivered through the New Homes Development 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.
38. 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 to achieve its target of building 11,000 new council homes by 2043.

39. This procurement exercise is 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.
40. The long term housing vision for the borough (agreed by cabinet in January 2014) 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 its 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; and
 - The council will help vulnerable individuals and families to meet their housing needs and live as independently as possible.

Procurement project plan

Activity	Complete by:
Completion of tender documentation	15/05/2021
Closing date for receipt of expressions of interest	15/06/2021
Brief relevant cabinet member (over £100k)	25/06/2021
Completion of short-listing of applicants	30/06/2021
Invitation to Tender issued	15/07/2021
Tender return date	15/10/2021
Completion of tender clarification process	23/11/2021
Completion of tender analysis	03/12/2021
Brief relevant cabinet member (over £100k)	10/01/2022
DCRB Review Gateway 1:	13/01/2022
CCRB Review Gateway 1:	16/01/2022
Brief relevant cabinet member	10/06/2022
Issue General Exception Notice for Gateway 1	10/06/2022
Notification of forthcoming decision	13/06/2022
Approval of Gateway 1: procurement strategy	20/06/2022
DCRB Review Gateway 2: Contract award report	13/06/2022
CCRB Review Gateway 2:	16/06/2022
Notification of forthcoming decision of Gateway 2	23/06/2022

Activity	Complete by:
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	30/6/2022
Approval of Gateway 2: Contract Award Report	30/06/2022
Contract award	30/06/2022
Add to Contract Register	30/06/2022
Add to Contracts Finder	30/06/2022
Contract start	04/07/2022
Contract completion date	30/06/2023

41. This report is seeking approval to delegate the Phase 2 Gateway 2 decision to the Strategic Director of Housing and Modernisation. The rationale for this is to streamline and speed up the approval process, as contractors generally only guarantee build costs for a period of three months. Seeking IDM approval for each gateway 2 is likely to add at least another two to four weeks to the timeframes set out in the procurement plan above to each phase.

TUPE/Pensions implications

42. As this procurement strategy relates to a new programme of works and there is no existing contractor delivering the work which is being tendered, TUPE should, therefore, not apply on its commencement. Although considered unlikely, TUPE could apply if the identity of the contractor were to change during the period of the works and relevant provisions will be included in the contract amendments to provide for this.

Development of the tender documentation

43. The New Homes Development Team has developed template tender documentation and the quality and pricing evaluation methodologies for PCR restricted processes.
44. Officers in the New Homes Development Team will work with the Employers Agent to include the scheme specific information within the tender packs.
45. The tender documents include:
- Selection Questionnaire / Expression of Interest and guidance document
 - Instructions To Tenderers
 - Tender evaluation methodology
 - Contract documents, amendments and terms and conditions
 - Employers Requirements

- Scheme details including:
 - Site information
 - Project drawings
 - Project plan
 - Relevant surveys & reports
- Contract Sum Analysis Template
- Form of Tender and necessary undertakings and certificates
- Compliance table

Advertising the contract

46. The contract was advertised to the 12 suppliers on the Hyde Framework.

Evaluation

47. Contracts will be awarded on the basis of scoring using a 60% weighting towards the financial scoring, and quality split 20% community engagement and 20% programme.
48. The process consisted of the following stages which are published at the same time.

Selection Questionnaire (SQ)

49. The firms on the framework have already been subject to extensive testing for technical and financial capacity. The main purpose of the SQ is to create a shortlist of organisations who have demonstrated that they have delivered similar scale and complexity of projects to the Styles House proposal, and had the capacity and interest to tender for these works.

Invitation to Tender (ITT)

50. 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 was a weighted score
51. Each method statement was weighted with a minimum pass mark, which if tenderers fail to meet allowed the council the right to reject them from the process.
52. For the price assessment the contractors were asked to provide a detailed cost plan and contract sum, detailing and substantiating any provisional sums that are included.
53. The submitted tenders were evaluated and scored by a panel made up of:
 - Employer's Agent;
 - Development Manager;
 - Project Manager; and
 - Project Co-ordinator.

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

Community impact statement

54. Extensive consultation has been carried out Styles House TMO. Styles House new council homes project is a resident led scheme. This project will benefit the resident community by providing additional social infrastructure. This includes a new, much larger TMO hall which has direct public access off The Cut, to be made available and managed by the TMO for a wider range of community uses/rentals.
55. The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. The council's consultation with residents on the 11,000 council homes programme has been specifically designed to be inclusive of all the borough's communities and provide a range of mechanisms to provide residents with the opportunity to engage.
56. Southwark is a borough with high levels of deprivation, low income levels and high levels of housing need. Southwark's Housing Strategy to 2043 identifies that the supply of affordable housing in the borough outstrips demand. There is a demand for larger properties for younger families, many of whom are experiencing overcrowding.
57. Cabinet has agreed a new vision for the future housing strategy including a principle to use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
58. The proposal is to increase the supply of 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.
59. Those households in the vicinity of the new developments may experience inconvenience and disruption in the short term whilst works are taking place but such communities will benefit in the longer term from the provision of new homes. Particularly as 50% of these homes will be let to existing tenants from the local area subject to an agreed local lettings policy.
60. Local residents will continue to be consulted at each stage of the development proposals as outlined in the Charter of Principles agreed by cabinet in November 2014.
61. The range of strategic benefits that this project will deliver are clearly set out in paragraph 37.

62. There are no negative equalities issues arising from the construction of the new council homes, the provision of a new community hall, and improvements to the public realm. Providing a new community hall and public realm improvements will provide positive equalities and social outcomes by providing high quality space where communities can meet, interact, and build trust.

Health impact statement

63. The new council homes are of a high quality design with dual aspect windows, excellent space standards, and good quality amenity space. The homes will be well insulated with efficient modern air source heat pump heating. The landscaping within the estate is being enhanced, with an innovative community gardening package during the first phase for the residents to get involved with the planting of their own landscaping scheme. The new community meeting hall will provide a high quality meeting space, and for events and cultural projects. The opportunity for residents to get involved in gardening and community activities offers a wide range of well-being benefits.

Climate change implications

64. The new homes are car free with residents prevented from obtaining an on-street parking permit, as the development is in close proximity to Southwark tube station to minimise transport emissions and improve air quality. We are not able to use cross laminated timber (CLT) to build the block due to high insurance premium, but are using low carbon concrete to minimise embodied carbon. Air source heat pumps will be used to heat the new homes with no gas requirement.

Social Value considerations

65. 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 wellbeing of the local area can be secured. The social value considerations included in the tender form part of the 20% community engagement tender scoring as set out above.

Economic considerations

66. The project will deliver 25 new council homes and create 2,100 jobs in the development with targets to get local people into work.
67. The design briefs for the new homes have been developed in consultation with the ‘user client’ officers and make it clear that the council is seeking developments that are not only attractive and functional in their design but also durable and easy to maintain with low running costs.

68. 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. Due to the nature of the professional service being sought those employed will be paid in excess of the LLW.

Social considerations

69. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, our contractors and subcontractors pay staff at a minimum rate equivalent to the LLW rate. The contractor's names above have confirmed that they already meet the LLW requirements. Following award, quality improvements and costs implications linked to the payment of LLW will be monitored as part of the contract review process.
70. The council has requested the necessary information from tenderers (using the council's standard documentation in relation to blacklisting), and each of the recommended contractors has confirmed this.
71. The contract conditions also include an express condition requiring compliance with the blacklist regulations, and include a provision to allow the contract to be terminated for breach of these requirements.
72. The project will deliver a new and enlarged community meeting hall in the housing estate and a new cultural facility for Southwark in the office scheme to encourage mixing and interaction.
73. The new housing will provide high quality affordable housing for local people in need of accommodation. 50% of these homes will be made available to existing tenants in the local area based on an agreed local lettings policy. The remainder will be made available to other households in need of accommodation from the council's housing register.

Environmental/Sustainability considerations

74. The councils approach to procurement of design, development and construction process will ensure a requirement to maintain and improve the sustainability of each tendered project.
75. A low energy, efficient and cost effective building engineering services design that keeps running costs to a minimum will be an essential component of the project brief. Key considerations will include;
 - Consideration of whole life-cycle costs
 - Sustainable sourcing

- Incorporation of environmentally benign heating and lighting provision
 - Provision of facilities and equipment to encourage the re-use and recycling of materials including, where practical, water recycling.
 - Ensuring projects achieve Code of Sustainable Homes criteria or any successor requirement.
76. By investing in high quality and well-designed buildings and estates the council aim is to achieve positive impacts which will benefit the environment and increase the stock of environmentally friendly buildings within the borough.
77. 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

78. 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.
79. The contract will be managed and monitored by the Regeneration / New Homes Development team which is currently being restructured. Performance reports for the contract will be presented in line with Contract Standing Orders.

Staffing/procurement implications

80. There are no additional staffing requirements relating to the procurement.

Financial implications

81. This procurement forms part of a project to construct 25 new homes on the Styles House Estate. A land swap arrangement with TfL has been necessary to facilitate the development, which in turn will enable TfL to develop commercial premises on top of Southwark Underground Station. A cabinet report agreed on 30 April 2019 sets out the council's decision for performing the transaction, notes the powers available to the council to dispose of its land and to acquire land from TfL.
82. The estimated cost of this procurement is £12.5m, with the overall project cost for phases 1 and 2 estimated at £17.8m. A funding submission has been made to the Greater London Authority (GLA) who have indicated a £2.1m match fund will be made available on the basis that works start on site during 2022. The balance of funding will initially be met from resources supporting the council's Housing Investment Programme, including borrowing. A deferred payment of £13.355m plus interest will be due from TfL subject to a long stop date to be agreed, for the balance remaining on

the land swap arrangement (£12.5m) and reimbursement for demolition works (£0.855m). This receipt from TfL can be used to repay borrowing or support other housing schemes in the council's Housing Investment Programme. The cost of this appointment will be charged to project code H-8888-0010.

Investment implications

83. There are no investment implications.

Legal implications

84. Please see concurrent from the Director of Law and Governance.

Consultation

85. This is a resident led project, driven by a community project board who are integral to all of the decision making on the scheme. Constant on-going consultation is carried out via regular monthly community board meetings and special events with the wider community, such as a summer BBQ and a recent community gardening day.
86. A 15 minute video has been developed to explain how the phasing of the works will be carried out which the council showed in sittings at a recent event and have sent to all those who couldn't make it, with a link to the video through a QR code which is displayed in the lift at Styles House.

Other implications or issues

87. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

100. This report is requesting the Cabinet Member for Council Homes and Homelessness formalises their prior approval for the procurement strategy for the construction of 25 new homes in the Styles House Estate. There are no financial implications arising directly from this report at this stage, however, the costs associated with any subsequent contract award will be met from resources supporting the council's Housing Investment Programme as outlined in the financial implications section of this report.

Head of Procurement

101. The Cabinet Member for Council Homes and Homelessness formalises their prior approval for the procurement strategy to use the Hyde Framework Agreement for the construction of new homes in the Styles House Estate at an estimated cost of £14.5m, commencing 4th July 2022.

The use of the Hyde Framework is allowable under Public Contract Regulations 2015 and the council contract standing orders.

102. The Cabinet Member for Council Homes and Homelessness note details of the procurement option are detailed in paragraphs 23 to 34, risks are detailed in paragraph 35, the impact on equalities, health and climate change are detailed in paragraphs 55 to 65, social value is detailed in paragraph 66, confirmation of the payment of LLW is detailed in paragraph 69, management and monitoring of the contract is detailed in paragraphs 79 to 80.

Director of Law and Democracy

103. This report seeks the approval of the Cabinet Member for Council Homes and Homelessness to formalise its prior approval to the procurement strategy of inviting tenders via the Hyde Framework Agreement as detailed within this report for the construction of new homes in the Styles House Estate at an estimated cost of £14.5m.
104. The Cabinet Member for Council Homes and Homelessness is also requested to note the two phases of the project as detailed in paragraph 33 of this report and to delegate the award of the Phase 2 works to the Strategic Director of Housing and Modernisation via a Gateway 2 report for the reasons set out in paragraph 41 of this report.
105. Furthermore, the Cabinet Member for Council Homes and Homelessness is requested to agree to defer the land exchange contract sum of £13m and demolition costs of £855,000 until the long-stop date 11 August 2025 the latest.
106. As the value of the contract is above the Public Contracts Regulations 2015 works threshold then the procurement of the contract is subject to the full tendering requirements of those Regulations.
107. The Cabinet Member'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 Member is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 55 to 64 setting out the consideration that has been given to equalities issues which should be considered when approving the recommendations in this report.
108. Paragraphs 91 and 92 of this report set out the consultation that has taken place. The council must conscientiously take into account the outcome of consultation when taking a decision on the recommendations in this report.

Director of Exchequer (for housing contracts only)

109. Not applicable

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Styles House See weblink – Issue details - Gateway 1 Styles House New Homes SE1 - Southwark Council	Regeneration team 160 Tooley Street	Georgina Barretta Tel: 0207 525 12345
A video can be viewed which shows how the project will be built	https://youtu.be/F7yH9sPqoik.	

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Jon Abbott, Head of Regeneration North	
Report Author	Georgina Barretta, Project Manager	
Version	Final	
Dated	14 June 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 Democracy	Yes	Yes
Cabinet	Yes	Yes
Date final report sent to Constitutional Team		14 June 2022