

Item No.	Classification: Open	Date: 14 July 2022	Meeting Name: Cabinet Member for Council Homes and Homelessness
Report title:		Gateway 1 Procurement Strategy Approval: Design and Build Contract for Abbeyfield and Rotherhithe New Road: New Homes Projects	
Ward(s) affected:		North Bermondsey & Rotherhithe	
From:		Southwark Construction Managing Director	

RECOMMENDATIONS

That the cabinet member for council homes and homelessness:

1. Approves the procurement strategy for a design and build contract for Abbeyfield and Rotherhithe New Road at an estimated cost of £13,433,000 with an estimated contract duration of 24 months, commencing February 2023.
2. Approves the delegation of the Gateway 2 contract award decision to the strategic director of housing and modernisation, in consultation with the cabinet member for council homes and homelessness for the reasons given in paragraph 39.

BACKGROUND INFORMATION

3. This procurement strategy relates to the Abbeyfield and Rotherhithe New Road projects within the council's New Homes Development Programme, which is part of the council's commitment to build 11,000 new homes by 2043.
4. The New Homes Development Programme aims to create new homes from existing council assets and acquiring new assets. The principle of New Homes Development was agreed by cabinet in July 2012.
5. The Abbeyfield project is located at 153 - 159 Abbeyfield Road, SE16 2BS on a former area housing office. The scheme will deliver 13 units and has an estimated contract value of £6,203,000. It will provide a mix of one, two and three bedroom flats for social rent in a six-storey block.
6. The Rotherhithe New Road project is located on the old Housing Offices building on 213-219 Rotherhithe New Road, SE16 2BA. The scheme will deliver 14 residential units and two commercial units space at ground level. The estimated construction value is £7,230,000. It will provide a mix of one, two and three bedroom flats in a six-storey block.

7. The commercial units have VAT implications which will be managed during the construction phase.
8. Both schemes will receive funding from the Greater London Authority (GLA) for £100,000 per social unit on the condition that construction commences before 31 March 2023. A total of £2,700,000 is available for these schemes.
9. Rotherhithe New Road received planning permission on 21 May 2021.
10. Planning permission was granted for Abbeyfield on 14 June 2022 at a planning committee meeting.
11. Rotherhithe New Road has already been tendered twice unsuccessfully, once via the Hyde Framework where zero bids were submitted. The South East Consortium framework was used for the second tender exercise and only one bid was submitted which was significantly higher than the pre-tender estimate and did not demonstrate value for money. The bid also contained several caveats and exclusions so the final cost would have been even higher. For this reason the bid was discounted.
12. Rotherhithe New Road is a very difficult site for construction with hardly any additional space for welfare or storage. There is a car park at the rear of the building which does not belong to the council. Including Abbeyfield within the contract would allow the contractor to use either site as a welfare/storage area as they see fit, and appeal to more contractors to submit a competitive bid.
13. Given the close proximity of these sites it makes commercial sense for the sites to be packaged together and a single contractor procured with a single JCT contract with sectional completion. Packaging of the sites will bring a number of other benefits, including reduced preliminary fees, less disruption for local residents, a construction management and access plan coordinated across both sites, and a consolidation of the required consultation once the projects are on site.
14. These schemes are over the Public Contract Regulations 2015 (PCR) threshold for works and will deliver a total of 27 new homes and two commercial units at an estimated works cost of £13,433,000.

Summary of the business case/justification for the procurement

15. The council has committed to the delivery of 11,000 new homes programme by 2043. This procurement exercise will build on the progress made to date and enable the progression of a further 27 new homes.
16. 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
 - Employment and training opportunities; and
- b. Deliver high quality and fit-for purpose social homes at good value.

Market considerations

17. These projects are relatively significant in size and likely to attract medium and large sized contractors, therefore, the tendering process needs to reflect this by ensuring that the appropriate building contractors are targeted.
18. The council has recently had varying success in tender responses. There is still an exceptionally high demand for construction services. Most London boroughs are engaging in the development of affordable housing and this is only likely to increase, which will in turn continue to inflate the cost of construction.
19. The Coronavirus outbreak had a significant impact on the construction industry. Currently all restrictions have been lifted with the introduction of the vaccines in the UK, the likelihood of another lockdown is unknown.
20. It should also be noted that there still remains a level of uncertainty in the construction industry over the potential impact of Brexit and most recently the possibility of the UK scrapping the Northern Ireland post-Brexit rules, which could lead to further increased cost on materials from the EU.
21. Officers believe that demand for construction services is not likely to decrease and suspect that the sector is likely to remain relatively buoyant. The council has already experienced that contractors are more selective in terms of the projects they wish to take on. This means that it will be important for Southwark Construction Team to have a 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. Inflation is currently at its highest level since 1981, in May 2022 the rate was 8.6%. This will have an impact on cost and the council will need to decide once tenders are reviewed if it makes financial and commercial sense for the schemes to be built in the current market.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

23. As the value of this procurement exercise is above the Public Contract Regulations (PCR) threshold for works the full tendering requirements of PCR 2015 and Public Sector Directive 2014/24/EU apply. As the council currently do not have the in-house resource to deliver these services, the procurement options set out in sections A to B below are, therefore, available to the council:
24. We have discounted the option to do nothing at this stage, the council has spent significant money on design development already. The council is unable to

deliver the construction service either in-house as there isn't the capacity or resource.

A. Use of an existing OJEU compliant framework

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

Framework	Expiry	No. of Contractors	Fee
Scape	30 Nov 2026	2	Free
London Construction Panel	31 July 2024	8	Free
Hyde	5 Dec 2024	12	£5,000
South East Consortium	31 March 2025	7	Free

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 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, however there is sufficient time for either procurement route for these schemes.
28. The Scape framework has a choice of two contractors on it, the purpose of this is to assist contracting authorities to develop and mobilise works quickly. As the council has time, a restricted tender process will engage with a wider variety of contractors.
29. The council could run competitive mini-competitions via other frameworks, however the choice of contractors is restricted. The current market conditions and previous unsuccessful use of two frameworks for Rotherhithe New Road suggests the use of a framework is not presently the best procurement route for these schemes.

B. Restricted tender

30. A restricted 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 multiple development projects from 2017 to date, with a number of others currently out for procurement.
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 compliant framework.

32. The stages of this approach generally are:

- a. Selection Questionnaire (SQ) – the PAS91 form of SQ is used for suppliers to express an interest and for the council to shortlist; and
- b. Invitation to Tender (ITT) – the tenderer submits its proposals for delivering the works.

Proposed procurement route

33. Officers are seeking approval to undertake a restricted tender for these projects, officers feel that this route will provide full access to the market and offer current market values, whereas the framework will have some prescribed rates.

Identified risks for the procurement

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

	Identified Risk	Likelihood	Risk Control
1	Insufficient interest from contractors.	Low	A soft market exercise will be used to promote interest prior to publication of the Find a Tender Service (FTS) notice.
2	Quality of submitted tender proposals do not meet the council's expectations	Low	Officers will ensure that comprehensive project briefs that are clear and without ambiguity are produced. Tenders will also be rigorously assessed during the evaluation stage.
3	Cost proposed is in excess of budget and does not deliver value for money	Medium	Officers will ensure that all necessary surveys are undertaken and a cost plan that identifies any associated risk is developed. A detailed specification will form part of the tender packs so that expectations are clearly identified. The tender process will follow the guidance from the council's legal; team on Covid-19 related cost being included as a capped provisional sum.
4	Challenges to procurement outcome	Low	Officers will ensure a robust procurement process in line with the PCR 2015 is followed and will liaise closely with the council's Procurement and Legal departments.
5	Contractors cease trading, goes into	Medium	Officers will undertake appropriate financial assessments and credit checks as part of the compliant procurement

	Identified Risk	Likelihood	Risk Control
	administration / liquidation		process. A performance bond / a parent company guarantee is considered and/or sought to mitigate this risk. Officers will also assess the level of existing work that individual contractors have with the council and ensure that the tender processes allow organisations to be excluded if it is considered the council has too much exposure.
6	The impact of site delivery, cost and the risk exposure of the council due to Covid-19	Medium	Officers will give more attention to scrutiny around the mobilisation plan, health and safety practices and the contract sum during the tender process to ensure that exposure of the council is duly considered and addressed.
7	The impact of Brexit on delivery of the project.	High	It is difficult to assess all of the potential risks around Brexit due to the level of unknowns around future trade deals and agreements. Officers will ensure that as risks become apparent, these will be factored into the process and the contract where possible.
8	Ukraine and Russia Conflict	High	Rising costs and impact on fuel prices will increase the cost of construction. Officers to review tenders and assess viability.
9	Inflation	High	Viability will be assessed once tenders are submitted. If the schemes are deemed too costly the council will consider if the scheme should be progressed or not.

Key/non-key decisions

35. This report deals with a non-key decision.

Policy framework implications

36. The development of new homes aligns with the council's principles and visions for a new housing strategy which is aimed at increasing the availability, affordability and quality of homes in the borough. The new homes will play a key role in assisting the council to achieve its target of building 11,000 new homes by 2043.

Procurement project plan (non-key decisions)

37. The procurement project plan is below:

Activity	Complete by:
DCRB Review Gateway 1:	13/06/2022
CCRB Review Gateway 1:	23/06/2022
Brief relevant cabinet member (over £100k)	20/06/2022
Approval of Gateway 1: Procurement strategy report	04/07/2022
Completion of tender documentation	08/07/2022
Publication of Find a Tender Service Notice	11/07/2022
Publication of Opportunity on Contracts Finder	11/07/2022
Closing date for receipt of expressions of interest	11/08/2022
Completion of short-listing of applicants	26/08/2022
Invitation to tender	29/08/2022
Closing date for return of tenders	07/10/2022
Completion of clarification meetings/presentations/evaluation interviews	21/10/2022
Completion of evaluation of tenders	21/10/2022
Forward Plan (if GW2 is key decision)	21/10/2022
DCRB Review Gateway 2: Contract award report	7/11/2022
CCRB Review Gateway 2: Contract award report	17/11/2022
Notification of forthcoming decision	25/11/2022
Approval of Gateway 2: Contract Award Report	9/12/2022
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision (If GW2 is key decision)	19/12/2022
Debrief Notice and Standstill Period (if applicable)	23/12/2022
Contract award	9/1/2023
Add to Contract Register	9/1/2023
Place award notice in Find a Tender Service	9/1/2023
Place award notice on Contracts Finder	9/1/2023
Contract start	27/02/2023
Initial Contract completion date	26/02/2025

38. This report is seeking approval to delegate the Gateway 2 decision to the strategic director of housing and modernisation in consultation with the cabinet member for council homes and homelessness.
39. The rationale for this is to streamline and speed up the approval process, as contractors might only guarantee build costs for a period of time. Seeking

cabinet member approval for the Gateway 2 could delay the timeframes set out in the procurement plan above.

TUPE/Pensions implications

40. 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 does 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

41. The Southwark construction team has developed template tender documentation and the quality and pricing evaluation methodologies for a restricted processes.
42. Officers in the Southwark construction team will work with the employer's agent to include the scheme specific information within the tender packs.
43. The tender packs, ITT questions and price/quality evaluation criteria will all be reviewed as part of a process with the council's legal and procurement teams prior to the tender commencing.
44. The tender documents will include:
 - a. SQ / Expression of Interest and guidance document:
 - b. Instructions to Tenderers
 - c. Tender evaluation methodology
 - d. Contract documents (JCT 2016), amendments and terms and conditions
 - e. Employers Requirements
 - f. Scheme details including;
 - i. Site information
 - ii. Project drawings
 - iii. Project plan
 - iv. Relevant surveys & reports
 - g. Contract Sum Analysis Template
 - h. Form of Tender and necessary undertakings and certificates
 - i. Compliance table

Advertising the contract

45. The contract will be advertised by way of an official notice that will be published in the FTS and advertised on Contract Finder.

Evaluation

46. Contracts 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 weighting ratio will be 60/30/10.

47. The process will consist of following stages which are published at the same time.

SQ (PAS 91)

48. The purpose of the SQ is to create a shortlist of organisations who have demonstrated that they have sufficient technical capacity and financial and economic standing and ability to be invited to tender. In order to determine sufficient financial and economic standing, and technical capacity and ability, SQs will be evaluated in accordance with the criteria as set out in the council's standard SQ (PAS 91).
49. Applicants will need to pass an initial compliance stage of Pass/Fail questions which include:
 - a. Company Information
 - b. Financial Information
 - c. Convictions
 - d. Health and Safety
50. Applicants' economic and financial standing will then be assessed, which will involve a credit check, a review of financial statements, and a review of any charges and judgements. In order to receive an overall pass, tenderers will need to satisfy the following:
 - a. Turnover greater than the contract sum
 - b. A good credit score and credit rating
 - c. An acceptable level of financial risk for the council
51. Finally tenderers will also need to answer a number of method statements as part of the technical section, which will be based on the following criteria:
 - a. Experience
 - b. Quality
 - c. Speed of mobilisation
 - d. Consultation (methods and capacity of resident liaison)
 - e. Measures to minimise impact on neighbouring residents
 - f. Fire Safety
52. Each method statement will be weighted (mobilisation and minimising impact will be weighted higher) and will have a minimum pass mark, which if tenderers fail to meet allows the council the right to reject them from the process.
53. The council's requirement is to invite a minimum of five organisations to tender. Where other tenderers are within 5% of the fifth highest tenderer, at the council's discretion they may also be invited to tender.

ITT

54. 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.
55. The quality assessment will include a number of method statements based on the following criteria:
 - a. Delivery, Quality & Compliance
 - b. Design Management
 - c. Subcontractors
 - d. Health & Safety
 - e. Constraints & Delivery
 - f. Fire Safety
 - g. London Living Wage, Apprenticeships & Local Labour
56. Each method statement will be weighted and will have a minimum pass mark, which if tenderers fail to meet allows the council the right to reject them from the process.
57. The social value assessment will be undertaken by a third party via the Social Value Portal. There are currently 37 national Themes Outcomes and Measures (TOMS) of value, each with an assigned a social proxy value related to the value that the individual requirement has according to the government's Green Book (accounting) rather than to the value to Southwark Council. Officers will select the TOMs to have available according to the nature of the procurement. Method statements as to value and planned delivery of the social value committed (against the TOMs) that will including core council commitments such as London Living Wage, will be evaluated against their achievability as well as the total proxy social value, to be worth 10% of the evaluation criteria.
58. For the price assessment the contractors will be asked to provide a detailed cost plan and contract sum, detailing and substantiating any provisional sums that are included.
59. The financial submission will either be weighted on the basis of maximum points awarded to the tenderer with the lowest price with each remaining tenderers' price will being awarded a score based on the percentage difference between their submission and that of the most competitive. However in order to avoid anomalous low tender, officers may take an approach that looks at an overall combination of the lowest price and the closest to the median price. The approach will be fully tested to ensure it doesn't produce anomalous results before it is implemented.
60. The intention is to use a combination of lowest price and closest to median price as standard approach. However, the council may change this should market conditions change or the methodology proves to be ineffective.
61. The submitted tenders will be evaluated and scored by a panel made up of:

- a. Employer's Agent;
 - b. Strategic Lead;
 - c. Senior Project Manager; and
 - d. Project Manager.
62. The employer's agent, who will submit a tender and value for money report, which 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

63. 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.
64. 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.
65. 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.
66. The proposal is to increase the supply of affordable, good quality homes which will benefit households in need from all Southwark communities, and will increase the housing options available for older people and people with disabilities.
67. 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 at least 50% of these homes will be let to existing tenants from the local area subject to an agreed local lettings policy.
68. 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 September 2017 (see background paper "Charter of Principles Review 12/9/2017").

Equalities (including socio-economic) impact statement

69. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits which may improve the wellbeing of the local area can be secured.
70. The development will increase the supply of affordable, good quality homes and will benefit households in need from Southwark communities. It will increase the housing options available to older people and people with disabilities also.

Health impact statement

71. The provision of new quality homes provides a positive impact on health inequalities, as the scheme is designed to current quality and space standards that will contribute towards addressing health inequalities. 50% to 100% of the new homes will be allocated to existing residents/those in housing need in the borough, residents who are living in overcrowded conditions, or unsuitable housing will benefit. In addition to this rent levels are set at council rent, that are lower than London affordable rent levels and market rent levels making them genuinely affordable. Health and wellbeing are further addressed by providing residents with individual balconies for outdoor space.

Climate change implications

72. The developments will comply with Building Regulations Part L that addresses the conservation of fuel and power, and guarantees eco-friendly efficient properties and minimise carbon emissions, as part of a drive towards a greener future.
73. The new homes have mechanical and heat recovery ventilation systems. The cumulative CO₂ savings on site are estimated at 50.5% against a Part L 2013 compliant scheme and the development will aim to achieve at least 35% reduction post-planning as required by policy. The new blocks will have a grid-connected photovoltaic system.
74. The proposed development complies with the London Plan CO₂ savings target of 35% overall.
75. To achieve 'zero carbon' for the residential portion of the scheme, 30 tonnes per annum of regulated CO₂, equivalent to 285.3 tonnes over 30 years, from the new-build domestic portion should be offset offsite.
76. Any carbon offset contributions will be subject to viability discussions and detailed design stage calculations.
77. The proposed development has been designed to meet energy policies set out by the GLA and the London Borough of Southwark Local Plan, which demonstrates the client and the design team's commitment to enhancing sustainability of the scheme.

Social value considerations

78. 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 which will be included in the tender are set out in the following paragraphs.
79. The council's approach to procurement of design, development and construction process will ensure a requirement to maintain and improve the sustainability of the project.
80. A low energy, efficient and cost effective building engineering services design that keeps running costs to a minimum is an essential component of the project brief. Key considerations 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 the project achieves Code of Sustainable Homes criteria or any successor requirement.
81. The winning contractor will be participating in a local employment and training initiative in line with the Southwark Economic Wellbeing Strategy 2012-20. The winning contractor will be required to pledge to employ local subcontractors where possible, use labour and shall offer one apprenticeship per £1m contract value, and work placement opportunities to the community.

Economic considerations

82. The design briefs for the new homes will be developed in consultation with the 'user client' officers and will 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.
83. The council is an officially accredited London Living Wage (LLW) employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. Following award, quality improvements and cost implications linked to the payment of LLW will be monitored as part of the contract review process.

Social considerations

84. The new housing will provide high quality affordable housing for local people in need of accommodation. At least 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.

85. The new rented homes will be let at social rent levels.

Environmental/Sustainability considerations

86. 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.
87. 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.
88. The developments will meet the targets set out by the council's Sustainable Design and Construction Supplementary Planning document and the GLA. Key sustainability features:
- Design that minimises the demand for space conditioning, ventilation and lighting whilst mitigating overheating risks;
 - Efficient design of the proposed massing, openings and internal layouts so that habitable spaces across the site benefit from abundant daylight and sunlight levels, are naturally ventilated and passively cooled;
 - The specification of water efficient fittings to limit water consumption to less than 105 litres per person per day for domestic uses;
 - The protection of natural features of ecological value and the improvement of biodiversity on site through wild-flower roofs, terrace planting and soft landscaping;
 - The incorporation of sustainable urban drainage systems in the form of green roofs;
 - Effective air, noise, water and land pollution management and control: the development is not expected to have any significant adverse effects to air, noise, land or watercourses;
 - Considerate construction practices and the efficient management of construction and operational waste.

Plans for the monitoring and management of the contract

89. 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 Lead Contract Officer must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System, as well as producing an Annual Performance Report to be presented in line with contract standing orders.

Staffing/procurement implications

90. There are no specific staffing implications to this report.

Financial implications

91. For construction (works) contracts, the council's end user status will be clarified in relation to Domestic Reverse Charge (DRC) in the Gateway 2 report and advice sought from Finance if necessary.
92. Estimated contract cost excluding VAT:

	Cost excluding VAT
Total Cost	£13,433,000

93. Estimated overall project cost :

Estimate total scheme cost breakdown			
	<u>Abbeyfield</u>	<u>Roth New Rd</u>	<u>Total</u>
Residential works	£6,203,000	£6,860,000	£13,063,000
Commercial works	NA	£370,000	£370,000
Total new build works	£6,203,000	£ 7,230,000	£13,433,000
Architect fees	£155,618	£220,360	£375,978
Surveys/Other Costs	£128,087	£124,530	£252,617
Consultants	£103,233	£73,754	£176,987
Internal fee (4%)	£248,120	£289,200	£537,320
Total	£6,838,058	£7,937,844	£14,775,902

94. All residential units will be let at social rent which will provide an income to the council. The commercial units will be let at market rent and will generate an income revenue. The rental income will be estimated and incorporated into the financial viability assessment which will be included in the Gateway 2 report.

Investment implications

95. The average total cost per unit for Abbeyfield is estimated at £477,000 and for Rotherhithe New Road at £516,000, which is higher than the council's average benchmark cost of £330,000 per unit. It should be noted that both of these schemes contain a higher proportion of larger family homes and a number of these larger family homes are significantly bigger than the standard unit sizes.

96. The table below shows the expected spend profile:

	Previous Yrs Spend	2022-23	2023-24	2024-25	2025-26	Total
Abbey Works	£-	£ 150,000	£2,897,925	£3,000,000	£155,075	£6,203,000
Abbey On-costs	£296,918	£35,000	£125,000	£140,000	£38,140	£635,058
Abbey Total	£296,918	£ 185,000	£3,022,925	£3,140,000	£193,215	£6,838,058
RN Rd Works	£-	£180,000	£3,169,250	£3,700,000	£180,750	£7,230,000
RN Rd On-costs	£294,114	£40,000	£150,000	£181,230	£42,500	£707,844
RN Rd Total	£294,114	£220,000	£3,319,250	£3,881,230	£223,250	£7,937,844
Overall Total	£591,032	£405,000	£6,342,175	£7,021,230	£416,465	£14,775,902

97. The estimated value of the contract described in this report is £13,433,000 which forms part of a wider programme. The project codes associated to the projects are (H-8888-9733) and (H-8888-9726).

Legal implications

Please see concurrent from the director of law and governance.

Consultation

98. Local residents will be consulted at each stage of the development proposals as outlined in the charter of principles agreed by cabinet in September 2017.

Other implications or issues

99. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

100. This report seeks approval from the cabinet member for council homes and Homelessness for the procurement strategy for a design and build contract for Abbeyfield and Rotherhithe New Road at an estimated cost of £13,433,000 with an estimated contract duration of 24 months, commencing February 2023.

101. The cabinet member for council homes and homelessness notes that details of the procurement exercise is detailed in paragraphs 23 to 32 and 40 to 60, the risks are detailed in paragraph 33, the impact on equalities, health and climate change are detailed in paragraphs 68 to 76, social value is detailed in paragraphs 77 to 80, confirmation of the payment of LLW is detailed in paragraph 82, management and monitoring of the contract is detailed in paragraph 88.

Director of Law and Governance

102. This report seeks the approval of the cabinet member for council homes and homelessness to the procurement strategy for works at Abbeyfield and Rotherhithe New Road as further detailed in paragraph 1. By virtue of contract standing order 6.4.3(b) the decision should be taken by the relevant individual decision maker after consideration of the report by CCRB.

103. The nature and value of these services are such that they are subject to the full tendering requirements of the Public Contract Regulations 2015 (PCR 2015). As noted in paragraph 32, the intention is that a restricted process should be undertaken following an advert in the Find a Tender Service. The tendering requirements of the PCR 2015 are therefore satisfied.

104. This report also seeks approval to the delegation of the Gateway 2 contract award decision to the strategic director of housing and modernisation, in consultation with the cabinet member for council homes and homelessness to facilitate award of this contract.

105. 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 62 - 72 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

106. This report is seeking approval from the cabinet member for council homes and homelessness for the procurement strategy to appoint a design and build contractor for the Abbeyfield and Rotherhithe New Road projects, which aim to deliver 27 new council homes together with commercial space across two blocks. Although there are no financial implications arising directly from the report's recommendations, the estimated cost of delivering the projects is £13,433,000. Before any contract award is made a viability assessment will be undertaken to ensure the projects remain affordable and deliver value for money.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
New Homes Delivery Programme	Housing and Modernisation Department 160 Tooley Street, SE1	Stuart Davis 020 7525 7201
Link (please copy and paste into your browser): https://moderngov.southwark.gov.uk/documents/s62902/Report%20New%20Homes%20Delivery%20Programme.pdf		
Charter of Principles Review	Housing and Modernisation Department 160 Tooley Street, SE1	Stephen Douglass 020 7525 0886
Link (please copy and paste into your browser): https://moderngov.southwark.gov.uk/documents/s71045/Report%20Review%20of%20Charter%20of%20Principles.pdf		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Stuart Davis, Managing Director, Southwark Construction	
Report Author	Patrick Cooper, Project Manager	
Version	Final	
Dated	13 July 2022	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		13 July 2022