

NOTIFICATION OF DECISION FOR URGENT IMPLEMENTATION

(Decision either included or not included on the current Forward Plan but needs to be implemented immediately by virtue of the urgency of the actions that need to be undertaken. This decision will not be subject to call-in.)

ORIGINATOR'S DETAILS

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DETAILS OF THE REPORT

Title and brief description of the nature of the business to be considered:

Gateway 2 - Contract Award Approval: Enabling works and demolition for Phase 1 of the Tustin Estate Low Rise Redevelopment Programme.

The Gateway 2 report requests approval for the award of a contract to Linkcity for enabling works and demolition for Phase 1 of the Tustin Estate Low Rise Redevelopment Programme.

Cabinet agreed the procurement strategy for a delivery partner for the Tustin Estate Low Rise Programme in July 2021, approving the use of a two-stage procurement process using the Pagabo framework. The two-stage process comprises of a Pre-Construction Services Agreement (PCSA) to deliver pre-construction services in the first stage, followed by a Development Agreement for the construction and delivery of the scheme in the second stage. The council is able to enter into the Development Agreement subject to successful completion of the scope of the PCSA including achieving financial close.

As part of the PCSA stage, a cost for the main works will be obtained through an open book process where prices are provided from suppliers and specialist sub-contractors. Due to the current construction market conditions, this final cost is now not expected to be obtained until August 2022. Once this is obtained, Cabinet approval will be sought in September 2022 to enter into the Development Agreement in September.

The Tustin Estate project has been allocated GLA grant funding which is subject to meeting the start on site requirement of end of September 2022.

In order to ensure that this start on site date can be met, contract mobilisation, including mobilization of the demolition contract, and enabling works need to take place in August. This Gateway 2 report therefore requests award of a contract to bring the necessary works forward in advance of formal entry into the Development Agreement. The enabling works contract will then be subsumed into the main contract.

Cabinet approved the budget for the enabling works and demolition contract through a variation of the Housing Investment Programme on 18 July.

Why has this decision been delayed until now?

The Gateway 2 decision cannot be taken until the deadline for call-in on the Cabinet decision to approve the budget has passed on 26 July. The Cabinet decision could not be taken earlier than the July Cabinet meeting as the cost of the works had not yet been obtained due to the open book process taking longer than usual given the current turbulence of the construction market.

Why can't the decision be reasonably deferred?

The Gateway 2 decision is required to be taken on 27 July and implemented immediately in order for the necessary contract and site mobilisation to place in order to meet the start on site requirement for GLA grant funding. Delaying the decision will risk this funding.

How long has the department known the decision was to be taken?

Based on the progress in obtaining a cost for the scheme, it was known in May 2022 that the enabling and demolitions works would need to be brought forward from the Development Agreement into a separate contract. The decision was placed on the forward plan in May. It was not expected at this stage that a Cabinet decision to approve the budget for this contract would be required as the overall scheme was in the capital programme. Based on further advice from Finance, a Cabinet report was later confirmed to be required and this was added to the Forward Plan in June 2022.

If scheduled on the forward plan for a particular period, what's changed to make it so urgent now?

The Gateway 2 decision is required to be taken on 27 July and implemented immediately in order for the necessary contract and site mobilisation to place in order to meet the start on site requirement for GLA grant funding. The decision could not be taken earlier as a cost was still being obtained due to current construction market turbulence.


Why is it important that this decision is taken now?

Delaying the decision will create a significant programme risk to meeting the target start on site date which risks the grant funding that the council has secured.

What is the potential cost to the council if the decision is delayed?

Meeting the target start on site date is a condition of GLA grant funding. If the grant funding is not received due to missing this date, the financial cost to the council would be £30 million.

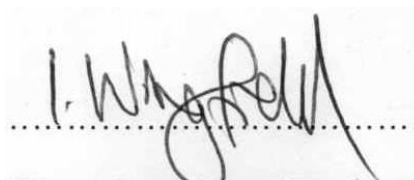
Date decision to be taken on: 27 July 2022

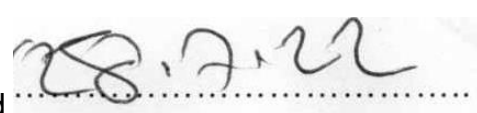
Urgent implementation notice cleared by: Stuart Davis, Managing Director-Southwark Construction	
Chief Officer / Director	
Date	26 July 2022

Declaration

I agree/~~disagree~~* with the Chief Officer/Head of Service that the proposed Decision is reasonable and that it can be treated as a matter of urgency.

Reason for refusal



Signed _____ Dated  _____

Chair of Overview & Scrutiny Committee/~~Mayer/Deputy Mayer*~~

* delete as appropriate

Please note reasons for refusal, additional points or further action required (as appropriate)

Not applicable

Please return completed form to Chidilim Agada, Proper Constitutional Officer, 2nd Floor, Hub 2, 160 Tooley Street, London, SE1 2QH – tel: 020 7525 3310.
Email: constitutional.team@southwark.gov.uk