

Item No. 11.	Classification: Open	Date: 7 March 2023	Meeting Name: Cabinet
Report title:		Approval to delegate Gateway 2 - Contract Award Approval - Main contractor for the Ledbury Estate redevelopment	
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 June 2022 a cabinet report was agreed to procure a contractor to deliver the Ledbury Estate redevelopment.

Not only will this allow for the replacement of existing homes on the estate, we will also be building additional, much needed, new council homes to help meet the needs of the 16,200 households on our housing allocations list.

RECOMMENDATIONS

Recommendation for the Cabinet

1. That the Cabinet notes that the Leader of the Council will be undertaking a variation process in order for the Gateway 2 award decision as outlined in this report to be taken by an individual decision maker. Noting further that the award of contract will need to be in place in order for this scheme to benefit from £100,000 per unit grant subsidy from the Greater London Authority (GLA), which results in a total contribution of £26m

Recommendation for the Leader of the Council

2. That approval for the Gateway 2 award decision as outlined in this report is delegated to Cabinet Member for Council Homes and Homelessness following consultation with Cabinet Member for Communities, Equalities and Finance in liaison with the Strategic Director of Housing.

BACKGROUND INFORMATION

3. Proposals to redevelop the Ledbury Estate were agreed by resident ballot in March 2021. The redevelopment is to deliver 340 homes; 224 of which are replacement homes for the four towers on the estate. The homes will provide a mix of one to five bed units for both social rent and private sale across six blocks on the Bromyard House site (Phase 1) and Skenfrith

House, Sarnsfield House and Peterchurch House site, known as the Old Kent Road site (Phase 2).

4. The Ledbury Estate redevelopment project will also deliver a new football pitch and other activities for play, a re-provided Tenants' and Residents' Association (T&RA) hall and commercial space.
5. Following a successful procurement exercise, Coleman and Company Limited have been appointed as the demolition contractor for Phase 1. The demolition works on Phase 1, along with associated enabling works, is the first stage of works required to deliver the new homes. Work has commenced to set up the site with the demolition scheduled for completion in early November 2023.
6. The main building contractor will then complete the new build works on Phase 1, allowing remaining residents in the three tower blocks on the Old Kent Road site to relocate there ahead of demolition and completion of the new build works on Phase 2. This strategy was designed to ensure that the works commenced on site before the end of quarter 4 of 2022-23 to secure the GLA grant funding allocated to the project.

Procurement project plan (Key Decision)

7. The dates set out in the project plan below outline the steps to an award of the main works contract in order to meet the GLA deadline of 31 March 2023.

Activity	Complete by
Forward Plan for Gateway 2 decision	17/01/2023
Briefed relevant cabinet member (over £100k)	13/02/2023
Approval of Gateway 1: Procurement Strategy Report	14/06/2022
Invitation to tender	05/08/2022
Closing date for return of tenders	02/12/2022
Completion of evaluation of tenders	28/02/2023
Departmental Contract Review Board (DCRB) Review Gateway 2:	03/03/2023
Corporate Contract Review Board (CCRB) Review Gateway 2:	09/03/2023
Notification of forthcoming IDM decision – Five clear working days	10/03/2023
Approval of Gateway 2: Contract Award Report	20/03/2023
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	28/03/2023
Alcatel Standstill Period	31/03/2023
Contract award	31/03/2023

Activity	Complete by
Add to Contract Register	31/03/2023
Contract start	03/04/2023
Publication of award notice on Contracts Finder	03/04/2023
Contract completion date	TBC

KEY ISSUES FOR CONSIDERATION

Tender returns

8. In order to assist in the funding of the redevelopment, the council secured £26m in grant funding from the GLA. To claim this funding, Southwark Construction committed to meeting certain milestones for the project, including award of contract and start on site for the demolition of phase 1 (achieved) and the award of the main works contract by the end of March 2023.
9. In June 2022 it was confirmed by cabinet that the procurement strategy for this scheme would be to utilise a single stage design and build contract and procurement documentation was prepared and circulated on that basis. The single stage was selected due to the cost certainty it should have provided, together with the awarding of a main works contract for the rest of the scheme, in order to meet the GLA grant funding milestones.
10. From initial soft market testing with contractors on the framework, four expressed an interest and were subsequently issued an invitation to tender (ITT). General feedback from the uninterested contractor's on the framework was that two stage tenders were preferred.
11. Of the four contractors issued with the ITT, Southwark Construction only received two tender returns, with two withdrawing from the process citing factors such as uncertainties in the economy and lack of resource combined with the costs associated with preparing a single stage tender for a scheme of this complexity.
12. The two tenders that were received on 2 December 2022 and, working with the council's employer's agent (EA) and cost consultant (quantity surveyor-QS), both tenderers are working through the clarification process to ensure tenders meet the council's ITT. This process commenced, but was not able to be completed in time for the 7 March cabinet report deadlines. Further information is set out in the closed report.
13. Full details of all tender submissions will be confirmed within the GW2 report to be presented to the Leader, should the recommendation of this report be agreed.

Policy framework implications

14. The new homes delivered through Southwark Construction 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.
15. 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 thousands of new council homes by 2043.
16. This procurement exercise is subject to the Fairer Future Procurement Framework (FFPF). The competitive tender process undertaken has ensured that the council is receiving value for money and delivering added social value.
17. 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:
 - a. The council will use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
 - b. 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.
 - c. The council will support and encourage all residents to take pride and responsibility in their homes and local areas.
 - d. The council will help vulnerable individuals and families to meet their housing needs and live as independently as possible.

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

Community impact statement

18. The redevelopment proposals entail the demolition of 224 homes, which are no longer fit for purpose and beyond economic repair. The re-provision of new homes, plus an additional 116 homes will be of a high quality and compliant with current statutory policies, requirements and regulations including fire safety and sustainability.
19. The completed works 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.
20. The provision of half of the additional homes (based on habitable room) for council rent will help address housing need identified on the Ledbury Estate and provide homes for others across the borough with most need for safe and secure housing.

21. The wider Ledbury community will directly benefit from the re-provision of new and improved facilities, namely a new T&RA hall designed as the hub of the community, a new football area and other play space. Following feedback from younger residents, there will also be improvements made to the skate park area/BMX track located in Bird in Bush Park.
22. 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 size/amount and variety of play space. In addition, there will 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.
23. All of the above has been designed with close engagement with the Resident Design Group and feedback from the community gathered from several public consultations.

Equalities (including socio-economic) impact statement

24. 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 Ledbury specific letting process.

Health impact statement

25. The redevelopment of the Ledbury Towers is essential to address the health and fire safety issues identified in 2017 resulting in the temporary rehousing of the vast majority of households.
26. The completion of the new homes will enable residents, who choose to return, the opportunity to return to energy efficient homes compliant with that latest policies and regulations.
27. 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.
28. 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.
29. The proposals to increase the supply of affordable, good quality homes will benefits households in need from all Southwark communities, and will increase the housing options available for older people and people with disabilities.

Climate change implications

30. 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.
31. 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%.
32. The proposed redevelopment has been 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 as well as insulation levels in excess of building regulation requirements
 - Be Clean: connection to the South East London Combined Heat and Power (SELCHP) district heating network for low carbon heating and hot water supply to all uses in the development will result in an 89.1% carbon emissions saving
 - Be Green: inclusion of solar photovoltaic (PV) has been maximised on all available roof space
 - Be Seen: the development will incorporate a monitoring strategy to reduce the performance gap.
33. Through this strategy 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.

Resource implications

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

Financial implications

36. As this report seeks to delegate the approval of an award of contract to the Leader of the Council there are no direct financial implications arising. The reason for the recommendation to delegate the contract award is due to the deadline for GLA grant funding. Loss of this grant funding will have a significant impact on the viability of the project.
37. The value of the main works contract will be set out fully in the GW2 report, following the completion of the tender evaluation.

Legal implications

38. Please refer to the legal concurrent of the Assistant Chief Executive of Governance and Assurance.

Consultation

39. Local residents have been involved in consultation meetings with council officers since the beginning of the design process in March 2021 as outlined in the Charter of Principles agreed by cabinet in November 2014.
40. Residents will continue to be kept updated throughout the duration of the project via monthly attendance at Resident Project Group meetings by the Southwark Construction project manager as well as sharing of regular newsletters and updates.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

41. As set out in paragraph 36, there are no direct financial implications as a result of this report.

Head of Procurement

42. There are no procurement implications as a result of this report.

Assistant Chief Executive – Governance and Assurance

43. This this report seeks a recommendation for the Cabinet to note that the Leader of the Council will be undertaking a variation process in accordance with the constitution in order that the forthcoming Gateway 2 award decision as outlined in this report can be taken by an individual decision maker.
44. Furthermore, this report seeks a recommendation for the Leader of the Council to exercise his power to delegate the Gateway 2 award decision to a cabinet member, namely the Cabinet Member for Council Homes and Homelessness, following consultation with Cabinet Member for Communities, Equalities and Finance in liaison with the Strategic Director of Housing.

45. Paragraph 12 of this report highlights that the council is in the process of seeking clarification from bidders and as such has not been in a position to conclude this matter before the deadline for the cabinet meeting on 7 March 2023. A delegation of the Gateway 2 award decision as highlighted in paragraph 2 of this report is therefore required in order to meet the deadline for securing the GLA funding requirement.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
None		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Darren Merrill, Council Homes and Homelessness		
Lead Officer	Michael Scorer, Strategic Director of Housing		
Report Author	Laura Wannop, Senior Project Manager		
Version	Final		
Dated	24 February 2023		
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	
Assistant Chief Executive – Governance and Assurance	Yes	Yes	
Cabinet Member	Yes	Yes	
Contract Review Boards			
Departmental Contract Review Board	N/a		
Corporate Contract Review Board	N/a		
Date final report sent to Constitutional Team		24 February 2023	