

Item No. 13.	Classification: Open	Date: 16 June 2020	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award Approval Abbeyfield Estate HINE (Maydew House) works Procurement of contractor for Stage 1 (pre-construction services)	
Ward(s) or groups affected:		North Bermondsey	
Cabinet Members:		Councillor Kieron Williams, Housing Management and Modernisation, and Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	

FOREWORD - COUNCILLOR KIERON WILLIAMS, CABINET MEMBER FOR HOUSING MANAGEMENT AND MODERNISATION AND COUNCILLOR LEO POLLAK, CABINET MEMBER FOR SOCIAL REGENERATION, GREAT ESTATES AND NEW COUNCIL HOMES

This report outlines the next stage of our ambitious plans for Maydew House and the surrounding site. Southwark Council is committed to delivering 11,000 new council homes by 2043 and we will have delivered or be building 2,500 of these by 2022. As such, Maydew is a key component of our long term plan to expand and enrich our estates. This site was home to 144 council properties. We are seeking to fully refurbish these and add an additional 111 council homes, alongside estate improvements and a new community space to replace the Bede Centre. The new site will have improved access to Southwark Park and include new landscaping around Thaxted Court to ensure families have complete access to safe and clean green spaces. We are absolutely committed to social housing in Southwark, and these plans will deliver another Great Estate for the residents of our borough.

This report appoints a contractor to begin finalising the design work, reviewing costings on a transparent, open-book basis and revealing any additional survey work that may be required ahead of construction beginning on site. This is a necessary phase in which we move closer towards the refurbishment of Maydew House and its return to the heart of our community in Bermondsey.

RECOMMENDATIONS

1. That cabinet approve the award of the pre-construction services for Abbeyfield Estate High Investment Need Estate (Maydew House) works to Bouygues UK Ltd for a period of 12 weeks from July 2020.
2. That cabinet notes that a separate GW2 report will be presented in autumn 2020 for the award of the main works contract which is highly likely to be the same contractor as detailed in paragraphs 18-19 of this report.

BACKGROUND INFORMATION

3. Cabinet approved the Gateway 1 report procurement strategy on 1 March 2018 for an EU restricted tender procedure.
4. In March 2019 the council revised the Maydew HINE scheme to have all of the dwellings tenanted which will mean 144 refurbished existing units and 111 new tenanted units. The building costs are to be part funded by a grant from the Greater London Authority (GLA).
5. The proposed scheme is the redevelopment of the Abbeyfield Estate in two phases. Phase I comprises of works to the base of Maydew House (currently empty) to relocate the Bede Centre (local community charity), the re-siting of the main entrance from the current podium level to the ground level. An additional five storeys will be constructed on top of Maydew House, the existing 144 flats within the building will be fully refurbished, soft and hard landscaping to the block surrounds will be created, the entrance to Thaxted Court will be repositioned in order to enhance the interaction between the park and housing and additional access will be created directly into Southwark Park.
6. Once Phase I is completed, Phase II will start, approximately spring 2023. The council's aims and objectives for Phase II of the scheme are as follows:
 - To demolish the then vacant Bede Centre and to provide 87 new residential properties.
 - To provide high quality shared and private amenity space by enhancing current landscaped areas adjacent to Maydew House and Thaxted Court.
 - To ensure a safe and secure development for existing and new residents.
 - To enhance the character, use and appearance of the site and surrounding area.

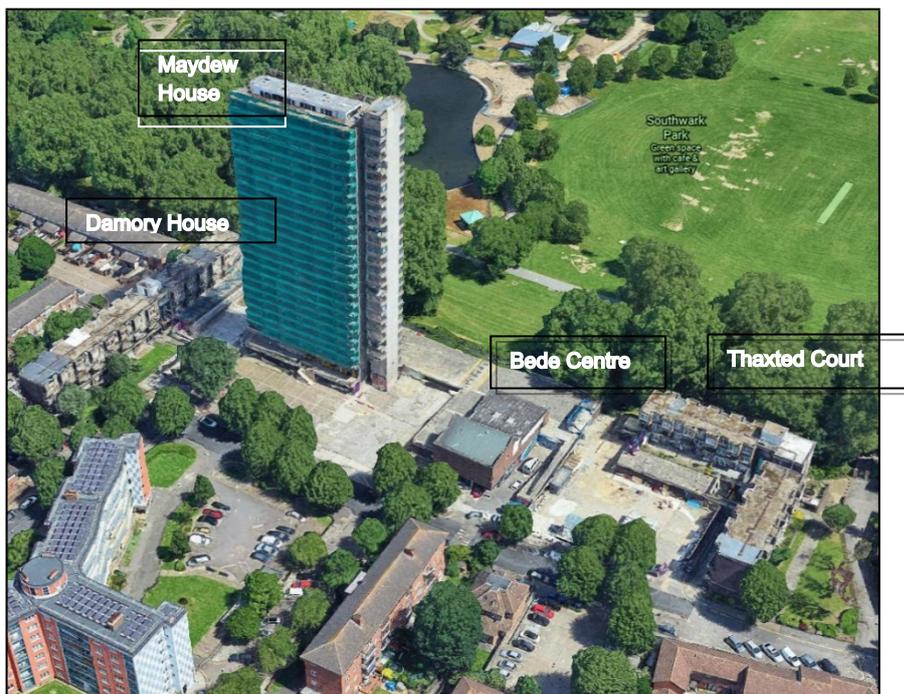


Diagram 1 – Existing

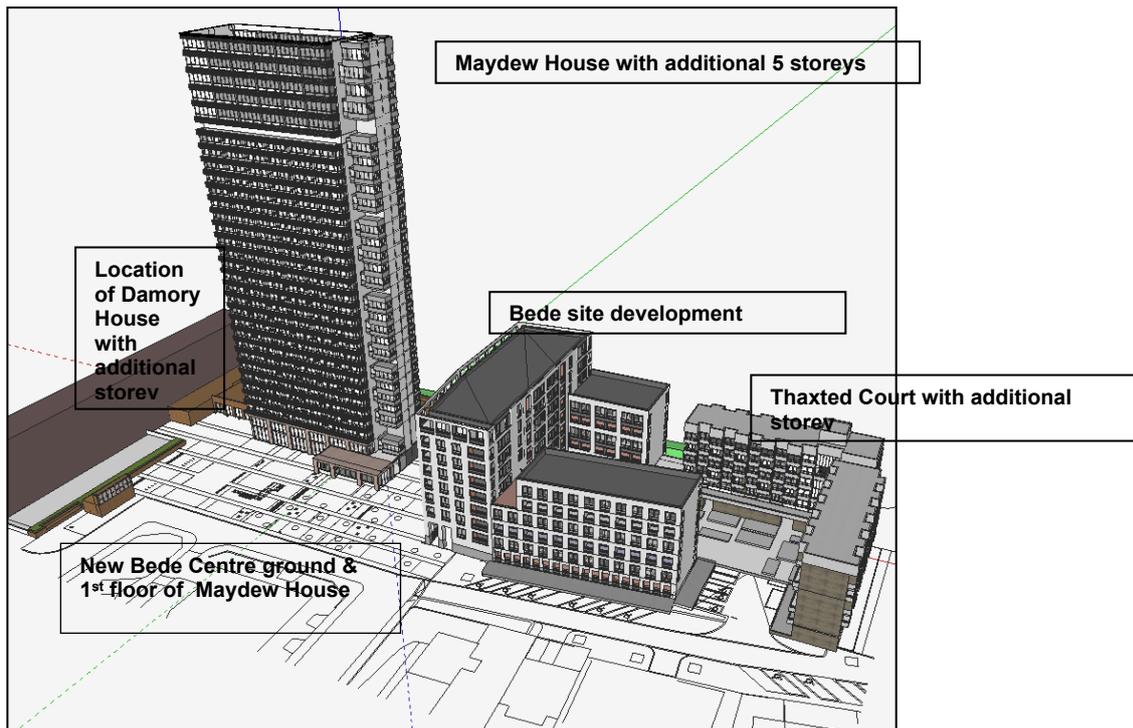


Diagram 2 - Proposed

7. Total number of dwellings (excluding Damory House and Thaxted Court as these are part of another scheme) demonstrated as follows:

Original Tenanted dwellings	139
Original Leasehold dwellings	5
Total number of dwellings	144
New units	24
Total number of dwellings in refurbished Maydeu	168
Bede site development new tenanted units	87
Total units in scheme	255

Procurement project plan (Key Decision)

- 8.

Activity	Completed by/Complete by:
Forward Plan (If Strategic Procurement) Gateway 2	10/03/2020
Briefed relevant cabinet member (over £100k)	01/04/2020
Approval of Gateway 1: Procurement Strategy Report	13/03/2018
Invitation to tender	06/09/2019
Closing date for return of tenders	29/11/2019
Completion of evaluation of tenders	18/03/2020
DCRB Review Gateway 2:	11/05/2020

Activity	Completed by/Complete by:
CCRB Review Gateway 2:	14/05/2020
Notification of forthcoming decision – despatch of Cabinet agenda papers	26/05/2020
Approval of Gateway 2: Contract Award Report	16/06/2020
End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	24/06/2020
Alcatel Standstill Period (if applicable)	30/06/2020
Contract award	02/07/2020
Add to Contract Register	02/07/2020
Contract start	27/07/2020
Publication of award notice in Official Journal of European (OJEU)	27/07/2020
Publication of award notice on Contracts Finder	27/07/2020
Contract completion date	23/10/2020

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

9. This scheme consists of works to properties on the Abbeyfield Estate in the Rotherhithe area. There are no leaseholders affected by the works: The address details are as follows:

Block Address
1-144 Maydew House, Abbeyfield Road Bede Centre, Abbeyfield Road

10. The intended outcome of this procurement is for the council to obtain fully developed design and a robust contractor's proposal and pricing document, delivering the following for the contract:
- Full design and build responsibility in accordance with the council's design requirements and proposals
 - An extensive customer care requirement throughout the defects liability stage of the works
 - Complete and fully compliant safety management systems
 - Full and complete local resident and community awareness and management of expectations
 - To be completed on time and to the council's expectations and budget.
11. With this two stage process, the first stage required the tenderers to provide their requirements in relation to overheads, profit and preliminaries on the project and to price a cost plan based on an elemental schedule with quantities, for the scheme. The benefit of this process is that it reduces the amount of work tenderers have to put into the scheme as part of the first stage process, as the measuring is taken out of their hands. It ensures returns are based on rates for direct comparison and it enables a

decision to be taken on the preferred contractor to take to the next stage. The decision will also be based on the contractor who has really understood the scope of the work, priced the scheme competitively and demonstrated this with their return. The aim is to ensure that the council has some control of the outcome of the second stage negotiations. This process enabled the council to encourage more contractors to tender.

12. This outcome will be based upon the council's detailed employer requirements which were included in the tender documents and the detailed design brief developed in consultation with Haworth Tompkins, the appointed architects for design services for this project.
13. The scope of the pre-construction services (PCSA) are described below:
 - to work with the council on an open book basis to procure any surveys or investigations required to mitigate any risks associate with the existing building, ground conditions, below ground services and other areas of project risk
 - validate and adopt the Stage 4+ design - (At stage 4 all the design information required to manufacture and construct the project is completed)
 - agree scope of subcontract packages
 - agree list of at least three sub-contractors for each of the elemental works packages
 - prepare subcontractor tender packages clearly setting out scope of each subcontract including preparation of pricing document as required
 - send out tenders to at least three subcontractors and obtain a lump sum price for the works packages
 - review subcontractor tender returns and make recommendation
 - lead on value engineering exercise where sub-contractor packages exceed budget
 - once all the subcontract packages have been returned confirm lump sum cost for completing the works in accordance with the employer's requirements.

Policy implications

14. These 111 new homes are in line 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. The programme has a short term objective of 2,500 homes by 2022.
15. This scheme is also designed to deal with work to meet the Quality Homes Investment Programme (QHIP) which includes works to maintain decency and deliver the council's commitment to a quality kitchen and bathroom.

Tender process

16. As noted in the Gateway 1 the procurement of this contract was by way of an EU restricted procedure. This is a two stage tender and companies interested in tendering were required to formally express an interest, satisfactorily pass the prequalification stage in order to proceed to the invitation to tender stage.
17. The procurement followed standard procedures and working practices to allow the early involvement of the contractor by means of a transparent, two-stage process, comprising:

Stage 1 (pre-construction services)

- fully developing the consultant's design proposals from RIBA stage 4 onwards
- packaging and competitively tendering the works on an open book basis
- submitting contractor's proposals and pricing document, including the proposed contract sum, for decision by the council (this report).

Stage 2 (construction) – (subject to a separate Gateway 2 approval)

- carrying out and completing the works in compliance with the contract documents for:
 - the enabling works (where necessary)
 - the main works

18. With this two stage approach to procurement, the contractor appointed for the pre-construction services will highly likely also be appointed for the main works contract, subject to the formal decision of the council to proceed. The main works will be subject to a separate GW2 report as the preferred contractor will further develop the design, carry out further investigations and contractors proposals and a more comprehensive build price is finalised demonstrating value for money. The contractor will also input into the de-risking process pre contract.
19. As outlined in the Gateway 1, a Prior Information Notice (PIN) setting out details of the planned procurement was issued on 20 November 2018 and two bidders' days were held on 13 December 2018 and 23 January 2019.
20. The contract was advertised by way of a notice published in the Official Journal of the European Union (OJEU), Contracts Finder and ProActis (the councils E-procurement portal) on 17 April 2019 with a closing date of 5 June 2019.
21. 12 contractors responded at the PQQ stage.
22. Following an individual review of each submission, the Evaluation Panel members met on 19 July 2019 to review and moderate the PQQ scores.
23. The selection process followed was an evaluation of each contractor's economic and financial standing and their technical knowledge, accreditation, experience and ability and capacity to do the work. Two contractors did not complete the PQQ or provide any supporting documentation.
24. In accordance with the process detailed in the Invitation to Tender (ITT), ProActis, on 6 September 2019 with a submission deadline of 25 October 2019.
25. The tender process was managed by Southwark Council, with all documentation, queries and clarification being issued and received via ProActis.
26. Notification was received from one contractor on the 27 September 2019 that they were withdrawing from the tender process due to a change in the company's focus.
27. Following this both the sixth and seventh ranked contractors at PQQ stage were contacted and invited to participate. One contractor confirmed that they would like to participate and the other contractor declined. This left five contractors in the tender process.

28. As a consequence of the change in tenderers the tender return deadline was extended until 29 November 2019 1pm.
29. By the ITT deadline all the contractors responded via ProActis to the first stage tender within the timescales.

Tender evaluation

30. The project evaluation panel consisted of the following panel members:

Organisation	Members
Southwark Council	Head of Investment
Southwark Council	Design & Delivery Manager North - Investment
Southwark Council	Project Manager - Investment
Calfordseaden LLP	Employers Agent
Calfordseaden LLP	Quantity Surveyor

31. In accordance with the Gateway 1, the tenders were to be evaluated on the following basis:

Evaluation Model	Maydew House construction	Bede Site redevelopment
Price 70%	weighting	Weighting
	62%	38%
	Further weighting for each	
	OHP-19.2%	
	Prelims - 40.8%	
	Cost plan - 40%	
Quality 30%		

32. However due to complications in scoring price this was revised at the PQQ stage where the tenders were evaluated on the most economically advantageous tender applying the criteria of financial and economic standing technical ability and cost, including the overall cost to the council. Tenderers with the lowest submitted total target price received the maximum price score 70% (this was not further evaluated on overhead profits and preliminaries as detailed in paragraph 32). Maydew House and the Bede Site redevelopment were scored individually and then weighted 62% Maydew House and 38% Bede Site redevelopment with quality making up 30% of the score.
33. All tenderers were invited to clarification meetings on 29 January 2020 where they were able to give a short presentation on their submission with qualitative and quantitative clarifications raised and discussed during the meeting.

Pricing evaluation

34. The tenderer with the lowest cost received a maximum of 70% with the other tenderers scoring proportionately lower marks through the following calculation:

$$\frac{\text{Lowest submitted total price}}{\text{}} \times 70 \%$$

Tenderer's submitted total price

35. Tender submissions were received from 5 contractors.

Quality evaluation

36. The quality response (30%) was composed of seven questions, each scored out 5. The questions where as follows:

- Method Statement 1: Resources (Weighting 10%)
- Method statement 2 : Design Delivery (Weighting 10%)
- Method Statement 3 : Contract Delivery Maydeu House Refurbishment (Weighting 30%)
- Method Statement 4 : Contract Delivery Bede Site Redevelopment (Weighting 20%)
- Method Statement 5: Quality Control and Compliance (Weighting 25%)
- Method Statement 6: Community Engagement (Weighting 5%)
- Method Statement 7: London Living Wage - Pass/Fail.

37. These method statements, once approved by the council, will be incorporated into the contract PCSA and the main contract as the contractor's planned way of working/operating throughout the contract period.

38. The criteria of the scoring is as follows:

Assessment	Score	Interpretation
Excellent response	5	Demonstration by the Applicant of exceptional level of ability, understanding, experience, skills, resource, and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured. Response identifies factors that demonstrate ability and experience in offering added value, with good evidence to support the response
Good response	4	Demonstration by the Applicant of a good level of ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured. Response identifies factors that demonstrate ability and experience in offering added value, with good evidence to support the response
Satisfactory response	3	Demonstration by the Applicant of satisfactory level of ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured, with sufficient evidence to support the response
Less than satisfactory response	2	Some minor reservations of the Applicant's relevant ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the

Assessment	Score	Interpretation
		contract being procured, with insufficient evidence to support the response
Poor response	1	Some serious reservations of the Applicant's relevant ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured, with no evidence to support the response
Unacceptable or no response given	0	Does not comply and/or insufficient information provided to demonstrate that the Applicant has the ability, understanding, experience, skills, resource and quality measures applicable to managing leisure facilities similar to the scope and scale of the contract being procured

39. Following an individual review of each quality submission, the evaluation panel members met on 22 January 2020 to review and moderate the quality scores.

Price and quality evaluation summary

40. The figures have been considered for the tender scoring weighted 70% price. This score was added to the weighted scoring of 30% for quality.

	Bouygues
Quality 30%	24%
Price 70%	70%
Overall weighted Score	94%
Overall position	1

41. It is therefore recommended that the council awards the PCSA to Bouygues as their bid represents best value for money
42. From stage one of this two stage tender the binding contractual figures for the second stage of the process are the preliminaries, the cost for the PCSA, the overhead and profit percentages.

Plans for the transition from the old to the new contract

43. Not applicable.

Plans for monitoring and management of the contract

44. The contract will be managed on a day to day basis by a team within Calfordseaden including building surveyors, clerk of works, structural and mechanical engineers, Fire Safety Surveyors and Quantity Surveyors (QS). Finances will be managed by Calfordseaden's QS with an overview by council officers.
45. In addition to the professional staff provided by Calfordseaden, there will be a contract manager, a customer relationship officer and a project manager from the council's Investment team allocated to this scheme, supported by Mechanical and Electrical engineers and Fire Safety Surveyors from the engineering team within Asset

Management. The investment team will monitor both the external and internal professional staff and the successful contractor's performance and arrange regular meetings with the residents' project team at which contractor performance will be discussed.

46. The officer team detailed above will report on a monthly basis to a project board comprising the director of asset management, head of investment and the investment delivery manager.
47. This project board will scrutinise performance against; programme, spend forecast, income levels, resident satisfaction and completions as well as ratify decisions made by the site team within the previous period and ensure the project as a whole remains within identified acceptable parameters.
48. Resident involvement in the monitoring of the project will be via the resident project team which has been established and meets regularly and incorporates residents who have expressed an interest in returning to the refurbished block and as well as residents from the neighbouring blocks.

Identified risks for the new contract

49. The table below identifies a number of risks associated with this contract, the likelihood of occurrence and the control in place to mitigate the risks:

R1	Poor performance or poor quality workmanship of successful contractor when awarded.	Low	Regular meetings to review performance schedule from the outset of the work with successful contractor. Establish processes of quality control and works inspections before sign off. The contractor will be managed by an experienced team led by Calfordseaden whose recent experience includes the Bermondsey Spa Regeneration project for Hyde Housing
R2	Risk of challenge	Low	A thorough analysis has been carried out by the cost consultant and adjustment agreed through post clarification correspondence. Quality scoring was assessed individually , then agreed by consensus by all members of the evaluation panel
R3	Supplier insolvency	Low	A credit check has been carried out and the recommended contractor has met the financial criteria
R4	Covid -19 Delays – Impact on delivery of PCSA stage	Med	The site is vacant however the contractor will have to submit proposals to ensure adequate social distancing for site personnel and visitors in line with the government guidelines

50. The risk assessment at gateway 1 stage concluded that a performance bond and parent company guarantee, was needed for this contract. It is confirmed that the successful bidder will provide these and the costs are included in the cost of the tender.

Other considerations

Health and safety plan

51. The CDM 2015 regulations require a developed health and safety plan to be in place prior to commencement of works and the appointment of the principal designer at scheme inception. It is confirmed that the principal designer role will be provided by Calfordseaden who were appointed on 24 April 2018. Works will not commence on site until it is confirmed that the health and safety plan is sufficiently developed for the type of works proposed. This will include government advice for Covid-19

Design specification compliance

52. This report confirms that, where applicable, this scheme is designed in compliance with the council's design specification.

Decent homes

53. Once all works are completed under this scheme, all properties will achieve the Government's Decent Homes standard.

Leasehold implications

54. There are no leaseholders affected by these works.

Community impact statement

55. Southwark is a borough with high levels of deprivation, low income levels and high levels of housing need. Southwark's Housing Strategy 2009-16 identified a shortage of affordable housing in the borough, particularly larger homes. Households from black and ethnic minority communities tend to be those living in overcrowded, poor quality housing.
56. Cabinet agreed a new vision for Southwark through its 2013 to 2043 housing strategy which included a principle to use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
57. The proposal 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.
58. Those households in the vicinity of the new developments may experience inconvenience and disruption whilst works are taking place but such communities will benefit in the long term from the provision of new homes. Particularly as 50% of these homes will be let to existing families from the local area subject to an agreed local lettings policy.
59. 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.

Social value considerations

60. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.
61. 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.
62. 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.
63. The appointed contractor will be participating in a local employment and training initiative in line with Southwark Economic Wellbeing Strategy 2012-20. The initiative will generally conform to any Local Government policy including requirements set-out by the Homes and Community Agency and/or Greater London Authority that generally will encompass the Contractor, wherever possible, to employ local subcontractors and labour and shall involve the training and employment of local people. Such employment and training will be relevant to the needs of the local community.

Economic considerations

64. 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. It is expected that payment of the LLW by the successful contractor for this contract will result in quality improvements for the council. These should include a higher calibre of multi-skilled operatives that will contribute to the delivery of works on site and will provide best value for the council. It is therefore considered appropriate for the payment of LLW to be required. This will also be reflected in the contract conditions. As part of the tender process, bidders were required to confirm how productivity will be improved by payment of LLW. Following award, these quality improvements and any cost implications will be monitored as part of the contract review process.
65. The council will also ensure that the contractor submits data to demonstrate that they are compliant with the gender pay gap and payment differential.
66. The council will be seeking the appointed contractor to participate in local employment initiative. The initiative will generally conform to any Local Government policy that generally will encompass the Contractor, wherever possible, to employ local

subcontractors and labour and shall involve the training and employment of local people. Such employment and training will be relevant to the needs of the local community. The contract will require the successful contractor to provide apprenticeships.

Social considerations

67. 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 families in need 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.
68. The new rented homes will be let at social rent levels.
69. Those tenants who were required to move to allow for the works will have the right to return to Maydew House.
70. The council can exclude companies who break the law by blacklisting or have not put into place genuine actions concerning past black listing activities. The council can require "self cleaning" which enables a potential contractor to show that it has or will take measures to put right its earlier wrongdoing and to prevent them from re-occurring and to provide evidence that the measures taken by the economic operator are sufficient to demonstrate it has:
 - "owned up": clarified the facts and circumstances in a comprehensive manner by actively collaborating with the investigating authorities.
 - "cleaned up": taken concrete technical, organisational and personal measures that are appropriate to prevent further criminal offences or misconduct, and
 - "paid up": paid or undertaken to pay compensation in respect of any damage caused.
71. The council has requested the necessary information from recommended contractor (using the council's standard documentation in relation to blacklisting) and they have confirmed that they are not in breach of the requirements under Regulations 3(1) of the Employment Relations Act 1999 (Blacklisting) Regulations 2010. The contract conditions also includes an express condition requiring compliance with the Blacklisting Regulations and include a provision to allow the contract to be terminated for breach of these requirements.
72. The contractor is obliged to work with council approved local employment and skills agencies to recruit borough residents into construction industry apprenticeships. They will provide a minimum of one apprentice year per £1m of contract spend. The contractor will be obliged to meet this requirement during the construction phase of the contract.

Environmental/sustainability considerations

73. In line with the Energy and Carbon Reduction Strategy, the council will work towards the target reduction rate for new council build homes of 15% by 2022.
74. The council will aspire to achieve Code for Sustainable Homes Level 5, and therefore have to reduce carbon emissions, conserve fuel and energy as set out in Building Regulations (Part L) Value the Environment.

75. Specifications outline that there should be an efficient approach to waste management. At design stage there was direction for designers to exercise reasonable skill and diligence in the selection of materials. At construction stage contractors are required to minimise construction waste and maximise the use of recyclable/ reusable products and materials.
76. Specifications stipulated within the Employers Requirements will ensure that the development activity is controlled in a way that positively contributes to achieving sustainability.
77. At design stage, requirements were in place to meet sustainability specifications including the following:
 - Energy efficiency
 - Reduce carbon emissions
 - Conserve water and energy
 - Mitigate flooding risk
 - Safeguarding biodiversity.
78. During construction the recommended contractor will be required to adhere to guidelines outlined in the London Construction Guide which include and are not restricted to the following
 - Procuring and using material sustainably
 - Selecting materials with low lifecycle impacts
 - Using local materials
 - Use of materials with high recycling
 - Meet minimum standards set out in Building Regulations.
79. The council's approach to procurement of the design, development and construction processes will ensure a requirement to maintain and improve sustainability to the project
80. The homes will have to achieve the Code for Sustainable Homes Level 5 (CfSH5); measures will have to be taken at all stages of development to achieve this.

Market considerations

81. The successful tenderer is a private organisation, that operates out of the UK and is supported by its parent group which operates in 100 countries.
82. The successful tenderer has over 1300 employees.
83. The successful tenderer has a national area of activity.
84. Discussions will take place with the successful tenderers on implementing the local labour, local supply and apprenticeships scheme requirements

Staffing implications

85. The staff resources deployed to this procurement is sufficient to meet the proposed timetable.
86. The project will be resourced by existing staff, within existing budgets.

87. Officer time relating to the management of this project is funded from the capital budget for individual projects.
88. Management of this project is funded from the capital budget for individual projects.

Financial implications

89. The works identified in this report form part of the Housing Investment Capital programme. The scheme will be funded from HRA resources allocated to fund the HINE programme. The budget will initially come from the following capital budget allocations:
 - 'Abbeyfield WDS (Maydew) - Refurb and rooftop':
 - 'Bede New Build'.

Second stage appraisal

90. A credit check was carried out 6 May 2020 for both short version and long version. The short version presents the high-level information of turnover, score, likelihood of failure and credit level. The long version provides extensive detail of the company's financial history, analysis and any associations with ultimate global owner & subsidiaries. The recommended contractor has met the financial criteria

Legal implications

91. Please see concurrent from the Director of Law and Democracy.

Consultation

92. Extensive consultation has been carried out with local residents, councillors and other stakeholder since the first options appraisal in 2011. They have been consulted at each stage of proposals. Ward Councillors are being fully briefed prior to any public consultation and their comments and feedback incorporated in any proposals. Council Officers have met and will continue to meet with T&RA groups following Councillor briefings.
93. Further to the consultation undertaken as reported in the Gateway 1, the following further consultation has taken place:

- 4 December 2017 Meet with Director of the BEDE
- 1 February 2018 Councillor Briefing
- 27 February 2018 Damory & Thaxted Residents update letter
- 12 April 2018 Damory & Thaxted Residents Drop-in
- 5 July 2018 Damory & Thaxted leaseholders meeting
- 24 July 2018 Damory & Thaxted Residents Drop-in
- 1 August 2018 Bradley House Residents (Substation)
- 12 October 2018 Meet with Director of the BEDE
- 7 November 2018 Damory & Thaxted Residents update letter
- 20 December 2018 Bradley House Residents (Substation)
- 6 March 2019 Meet with Nick Dunne from BEDE
- 13 March 2019 Damory & Thaxted Residents update letter
- 22 May 2019 Damory&Thaxted and Maydew returnees Drop-in

- 19 July 2019 Meet Director of the BEDE
- 25 September 2019 First Resident Project Group(RPG) with Open Communities
- 15 November 2019 update to RPG from Open Communities
- 16 March 2020 Meet with Director of the BEDE

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M 20/022)

94. This report is requesting Cabinet to approve the award of the pre-construction services for Abbeyfield Estate High Investment Need Estate (Maydew House) works to Bouygues UK Ltd for a period of 12 weeks from July 2020.
95. The financial implications section provides details on how these costs are to be funded. Any other costs connected with this contract are to be contained within existing departmental revenue budgets. There is an estimated resource shortfall for the Housing Investment Programme over the life of the programme.
96. This is the first stage of a large project, which is intended refurbish and bring back in to use 144 homes in Maydew House, develop a further 111 new council homes and provide other improvements for residents on the estate.
97. There is also likely to be further demand on the capital programme as a consequence of local or national demands for resources following the tragic Grenfell fire and programme may be disrupted by the ongoing COVID 19 pandemic. It is, therefore, important that the cost of these works is carefully monitored and that accurate forecasting is in place.
98. Any variation or extension of the contract beyond the scope of this report will require further approval in line with the council's procurement protocols

Head of Procurement

99. This report is seeking cabinet approval to award a pre-construction services contract for Abbeyfield Estate (Maydew House) to Bouygues UK Ltd.
100. The report details the procurement process that was followed namely the OJEU restricted procedure agreed by cabinet in the Gateway 1 procurement strategy on 1 March 2018.
101. Paragraphs 16 - 42 describe the tender process and how submissions were evaluated, which was on the basis of award to the most economically advantageous tender (MEAT) using a 70/30 price quality split. This followed the pre-qualification stage where five contractors were shortlisted to tender. The report confirms that in line with the methodology Bouygues UK Ltd submitted the second lowest price bid but with the best quality resulting in the highest combined score.
102. Paragraphs 44 to 48 detail the monitoring and management arrangements that will be in place during the life of the contract including resident involvement.
103. The report also confirms that officers will closely monitor the impact of the Covid 19 pandemic in relation to the financial health of Bouygues UK Ltd and ensure that

operationally, delivery is conducted in the safest possible way in accordance with government guidance.

Director of Law and Democracy

104. This report seeks the Cabinet's approval for the appointment of Bouygues UK Limited to provide pre-construction services for the Abbeyfield Estate (Maydew House).
105. Paragraph 17 of this report states that the procurement allowed for early involvement of the contractor by means of a transparent two stage process comprising the pre-construction services (stage 1) and the main works (stage 2). This report deals with the stage 1 process whilst the stage 2 of the process will be subject to a separate Gateway 2 report. Paragraph 11 of this report sets out the reasons for using a two stage approach and paragraph 13 clearly sets out the scope of the pre-construction services.
106. Paragraphs 30 to 42 of this report details the tender evaluation process based on a price quality ratio of 70:30 respectively. Whilst Bouygues submitted the second lowest price bid, they had the highest quality score and on a combined score for price and quality, Bouygues was ranked as the highest scoring bidder. Paragraph 41 of this report confirms that Bouygues' bid represents best value and as such is recommended for award of the PCSA.
107. Contract Standing Order 2.3 provides that a contract may only be awarded if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved, or on behalf of the council. Paragraph 89 of this report confirms how the proposed PCSA will be funded.

Director of Exchequer

108. The five original leasehold properties in Maydew House have been bought back and the building is fully decanted. There are therefore no leaseholder implications with regards to Section 20 consultation or service charge recovery in respect of the proposed works to Maydew House.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 - Procurement Strategy Approval - Abbeyfield Estate HINE (Maydew House) works	Housing & Modernisation – Major Works Tooley Street	Cheryl Phillips 020 7525 3848
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s74557/Report%20Gateway%201%20-%20Procurement%20Strategy%20Approval%20Abbeyfield%20Estate%20HINE%20Maydew%20House%20works.pdf		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Kieron Williams, Housing Management and Modernisation and Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	
Lead Officer	Dave Hodgson, Director of Asset Management	
Report Author	Cheryl Phillips, Project Manager	
Version	Final	
Dated	4 June 2020	
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
Director of Exchequer (for housing contracts only)	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		4 June 2020