

MINUTES OF THE CABINET MEMBER SIGNING HELD ON TUESDAY, 5TH JULY, 2022, 4:30PM – 5:00PM

PRESENT: Councillor Ruth Gordon, Cabinet Member for Council Housebuilding, Placemaking and Development

In attendance: David Sherrington, Programme Director for Broadwater Farm and Nazyer Choudhury, Principal Committee Co-Ordinator.

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. DECISION ON DESIGN AND BUILD CONTRACT, BROADWATER FARM

The report sought approval for the award of a contract to the winning bidder Tenderer A for a Pre-Construction Services Agreement (PCSA) for the sum referred to in Part B (exempt section) of this report. Cabinet approval is required to approve any tender exceeding £500,000 under Contract Standing Order (CSO) 9.07 (d).

Since taking the decision to demolish the Tangmere and Northolt blocks on Broadwater Farm Estate in 2018 due to structural faults, the Council has been working in partnership with residents and wider stakeholders on designs for 294 replacement and new council homes.

To deliver this ambitious scheme, officers have been undertaking a procurement process via the London Construction Programme (LCP) Major Works Framework to identify a contractor to deliver the works.

Once works set out through the PCSA have been concluded, a further Cabinet report will be submitted to seek and obtain approval prior to entering into the full construction contract.

The part of the title of the report which stated 'pre-contract' should say 'pre construction'.

The meeting heard that the risk allocation within the tender report was considered to be industry standard and did not raise any issues.

In relation to inflation, there is a mechanism within the contract to increase pricing in line with an agreed national measure of inflation.

In relation to the management of contract, professional advisors would be employed to oversee contract as a professional team. The clienting of the contracts would sit within the Broadwater Farm team but there would be a joint project team between the Broadwater Farm team which included members from Housing Delivery and Regeneration team.

The Cabinet Member RESOLVED

1. That Pursuant to Contract Standing Order (CSO) 9.07 1 (d), to approve the award of a contract to Tenderer A (identified in Part B of the report), for a Pre-Construction Services Agreement (as described in the report) for the sum as stated in Part B of the report.
2. To authorise the Director of Placemaking and Housing to sign, execute and enter into the PCSA contract.
3. To delegate to the Director of Placemaking and Housing a client side budget of up to (identified in Part B of this report) to award contracts for enabling works and surveys and to authorise the Director Placemaking and Housing, to approve a client side contingency of up to (identified in exempt section of this report).
4. To note a further report will be presented to Cabinet at a later date in respect of the award of the main construction works contract (stage 2).

Reasons for decision

The reason for the decision to award the PCSA to Tenderer A, is that following a robust evaluation process Tenderer A received the highest overall score for quality and price. The evaluation process was undertaken by the Evaluation Panel, consisting of and overseen by the Head of Procurement.

Awarding the PCSA is an important next step to delivering the homes and improvements set out in the Landlord offer. It will allow the Council to progress to the Pre-contract services phase, which will allow the contractor and the Council to fully design, cost and establish a programme for the proposed construction.

Officers have taken professional advice to choose the route to market either via single stage or two stage design and build tender. The single stage design and build tender was market tested and deemed to be unsuitable for BWF due to level of risk the market would need to consider in respect of inflation of materials, labour, and the impact of operating at such low profit margins. Due to the volatility of the current market conditions and the time the scheme will take to complete, a single stage design and build approach would have been too much for the market to absorb without adding significant risk into their pricing submissions.

A two-stage tender process has been adopted following feedback from professional advisors, LB Haringey Strategic Procurement Team and the soft market testing with the framework contractors. By adopting a two-stage process, it allows the Council to split the process into two phases:

Pre-Construction Services Agreement (PCSA) – This phase allows the contractor and the Council to fully design, cost and establish a programme for the proposed construction.

Construction Phase – This phase is the commencement of the works in accordance with the PCSA outcomes. It should be noted, whilst it is currently anticipated that the contractor is retained for the delivery of the works following the completion of the PCSA, the Council is not obliged to use the same contractor for this phase. This provides scope for the Council to consider an alternate contractor (subject to a new procurement process) to deliver the scheme should costs substantially escalate or other considerations arise preventing the Council from awarding the main works to Contractor A stated in this report.

Once the PCSA is complete at the conclusion of Stage 1 the council will have ownership of the design, specification and full visibility of the costs of the scheme and the benefit of any enabling works. Following a further cabinet approval the council would enter into a main construction contract for the Stage 2 works.

If the Stage 2 contract is not awarded to Tenderer A the Council would need to undertake a further procurement to award Stage 2; however would have the benefit of the PCSA outcomes to inform the procurement.

Alternative options considered

Undertake a single stage decision and build tender

This option was considered, however, responses to the soft market engagement prior to tender indicated that several contractors regarded the risk associated with the New Homes scheme so high that it meant they would be unwilling to tender on a single stage basis. LBH professional advisors also counselled that a single stage tender would result in significant risk being priced into the tender. Tenderers indicated a large variance in inflationary assumptions if adopting a single stage design and build approach. This brings significant complexities to evaluating tenders and complying with the Procurement Regulations.

Do nothing

This option was considered and discounted due to a number of factors.

The Council has balloted residents who have overwhelmingly voted in favour of the new homes proposals which is a once in a generation opportunity to transform the community, its homes, health care and work and employment opportunities. Failure to build the new homes would represent a breach of promises made and would leave empty sites (as Tangmere and Northolt would still be demolished due to structural problems) on the estate and a net loss of social rented homes.

The GLA has awarded the Council a grant for replacement homes. This funding is only available in the current grant funding round.

4. EXCLUSION OF THE PRESS AND PUBLIC

Item 5 was subject to a motion to exclude the press and public from the meeting as it contained exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); paras 3 and 5, namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

5. EXEMPT: DECISION ON DESIGN AND BUILD CONTRACT, BROADWATER FARM

The Cabinet Member considered exempt information relating to item 5 of the agenda.

CABINET MEMBER: Cllr Ruth Gordon

Signed by Chair

Date6 July 2022.....