



Havering

LONDON BOROUGH

Notice of Key Cabinet Decision public report.

This Cabinet Report contains some appendices which comprise exempt information which is not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A of the Local Government Act 1972. They are exempt because they refer to confidential information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

CABINET	16th December 2023
Subject Heading:	Main Contract Award - Family Welcome Centre
Cabinet Member:	Councillor Graham Williamson Cabinet Member for Development & Regeneration.
ELT Lead:	Neil Stubbings – Strategic Director of Place
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Policy context:	HRA Business Plan 2023-2053 National Planning Policy Framework London Plan 2021 Havering Local Plan 2016-2031
Financial summary:	This report seeks cabinet approval to award the main contract. This expenditure can be contained within approved budgets.

Cabinet, 16 12 23

Is this a Key Decision?

This is a key decision due to cost.

When should this matter be reviewed?

This decision will not require a review as the Contract would be executed following the cabinet approval.

Reviewing OSC:

Place

The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents x

Place - A great place to live, work and enjoy x

Resources - A well run Council that delivers for People and Place.

SUMMARY

1. This Cabinet report provides a summary of the Family Welcome Centre project and the recommendations to award the main contract to deliver the scheme.
2. Harold Hill has for many years been one of the most deprived areas, not only in Havering but in London. In an effort to rectify this, Harold Hill was the focus of a Council regeneration programme called Harold Hill Ambitions. This programme was successful in delivering improvements to the area and local communities.
3. The Family Welcome Centre is the first phase of the wider Farnham and Hilldene masterplan vision. The scheme will create an exemplar of this type of facilities for emergency accommodation for families and will provide 74 self-contained temporary homes. The scheme also includes a modern high quality new health centre.
4. Provision of this purpose-built emergency accommodation will substantially ease the financial burden currently being absorbed by the General Fund, where homeless families are being housed in hotels. In addition, the Family Welcome Centre aims to improve outcomes for the most vulnerable families and will include facilities for housing support staff and social workers who can work closely with these families.
5. The associated health centre will provide much needed high quality health facilities in the Harold Hill area. Negotiations are progressing with the NHS to utilise the facility for primary care use.
6. The demolition of the existing buildings on the site, including Abercrombie House, was completed in August 2023. The site is now ready for construction.
7. Following the single stage tender process, it is intended to appoint Bidder A to deliver the construction works under the JCT Design and Build 2016 form of Contract, as amended by the London Borough of Havering. This form of contract allows the contractor to take on part of the design risk and would also provide the Council with cost certainty in the form of a lump sum fixed price for undertaking the works.

RECOMMENDATIONS

Cabinet is asked to:

8. Approve the award of the construction contract for the Family Welcome Centre and Health Centre (shell and core) to Bidder A, as set out in this report.
9. Agree 'in principle' to the Council entering into an Agreement for Lease with the NHS Health Provider for a Health Centre at the Family Welcome Centre based upon the draft Heads of Terms (provided as Exempt Appendix B).
10. Delegate authority to the Strategic Director of Place after consultation with the S151 Officer and the Deputy Director of Legal Services to:
 - i. Agree terms for a Memorandum of Understanding with the NHS Health Provider;
 - ii. Finalise and agree the Heads of Terms for the Agreement for Lease; and
 - iii. Execute the Memorandum of Understanding, Agreement for Lease, Lease and associated ancillary legal agreements with the NHS Health Provider for the Health Centre, as necessary and appropriate.

REPORT DETAIL

Background

1. In March 2021, Cabinet approved proposals for the Family Welcome Centre project. This will deliver 74 temporary emergency accommodation dwellings and commercial facilities for the community health centre.
2. The development has been granted full planning permission, including demolition and highways works (PA No: PO461.22).
3. The demolition of the existing sites has been completed.
4. After shortlisting the Framework in February 2022, the Havering Gateway Review Group (GRG) gave approval to progress the main works tender through a single stage tender under the National Framework Partnership (NFP).
5. The following contractors from the NFP framework expressed interest and were invited to tender:
 - a. Bidder A.
 - b. Bidder B.

c. Bidder C.

6. At the conclusion of the tender period, tenders were received from Bidder A and Bidder B.
7. Bidder C declined to submit a tender due to internal resourcing concerns.
8. Tenders were checked for compliance and independently evaluated. The moderation process was carried out by the Strategic Procurement Officer. Upon completion of the moderation process, the following overall quality and price scores were recorded for tenderers.

Quality

Contractor	Quality Score (out of 30%)	Ranking
Bidder A -	19.20%	2
Bidder B -	24.12%	1

Price

Contractor	Ranking
Pre-Tender Estimate	
Bidder A	2
Bidder B	1

Summary

9. Tender report can be found in Exempt Appendix A (please note the tender validity date has been extended).
10. Subsequent to the tender return, Bidder B submitted a notice of intention to appoint an administrator on 22nd September 2023. The company also failed to respond to the Post-Tender Addendum 01 by the set deadline of 27th September 2023. This tender was therefore discounted from further consideration. This company now has entered into administration.
11. The recommendation of this report is therefore to appoint Bidder A, subject to satisfactory completion of the normal due diligence checks on the financial standing and capability to deliver the scheme.
12. The previously approved budget allows for the project contingency which is recommended to be retained until the works are underway. Once the majority of risks have been identified the contingency amount could be reduced.
13. The Gateway 2 report and the tender award recommendation was reviewed and received endorsement to proceed from the Gateway Review Group.

Family Welcome Centre

1. The previous site which comprised of the old Harold Hill Library, Abercrombie House and the boxing club, was cleared in August 2023.
2. The Family Welcome Centre is designed to replace and improve upon the original hostel accommodation that was on the site before. The Abercrombie Hostel site was located next to the disused old library based on Hilldene Avenue. Internal space comprised narrow long corridors, with bedrooms catering for individuals and families. Families were required to eat, sleep and often study in the same room. There were communal kitchens and bathroom facilities. The hostel also offered accommodation to single occupants who often present with complex needs. This was not ideal for families and presented security issues.
3. The new Family Welcome Centre facilities have been designed with families in mind. The Family Welcome Centre is being constructed for the provision of emergency accommodation for families and will provide 74 temporary homes. These will be self-contained units with their own cooking and bathroom facilities. It will also have provision for communal areas including a dedicated outdoor space designed for children.
4. The primary purpose of the Family Welcome Centre is to improve outcomes for the families who reside there and will include space for housing support and social workers who can work with families.

Health Centre

5. The front of the proposed Family Welcome Centre provides approximately 1,500 sq. mi. of space at ground and first floor level which has been identified as a potential health facility. Discussions with North East London Estates (NEL Estates) commenced some time ago. Recent engagement has been very positive with NEL Estates creating a project team to bring forward the scheme. In this respect a Memorandum of Understanding will be entered into whilst the NHS go through their business case approval process, which should enable them to sign an agreement for lease.
6. Within the locality there is one core NHS asset being the Community Health Partnership's Harold Hill Centre. This opportunity could secure a second core asset and look to the consolidation of services from "tail" assets, leading to a dual site model for the Harold Hill area that aligns with NHS strategy.
7. NEL Estates have created a project team to look at a clinical and occupation strategy for the north of Havering, as this opportunity offers the system a strategic advantage to conduct a comprehensive service review. This will identify the potential occupiers for the proposed centre. In conjunction with

the occupational review the Integrated Care Board (ICB) infrastructure team are reviewing the business case that will need to support the proposal and will follow the Green Book Five Case Model addressing, strategic case, economic case, commercial case, financial case and management case. To support the ICB in this regard, draft Heads of Terms for an Agreement to Lease have been provided with indicative rentals levels. The ICB would require the facility to be a revenue funded project from their perspective as they are capital constrained. As a consequence their requirement is for a fully fitted facility as opposed to a shell and core facility.

8. Given this, Havering would develop and fit-out the facility to an agreed specification that accords with HBN11-01 of the Department of Health Design Guidance for healthcare buildings. This will provide a turn-key facility which an NHS body/bodies would then take an occupational lease of, at a rent that would generate an appropriate return on the capital invested, to provide the shell and core and the full fit-out. An indicative specification has been drafted. This will be finalised once the ICB has identified the occupiers, service delivery, the design and layout of the centre is agreed.
9. Draft Heads of Terms can be found at Exempt Appendix B.

REASONS AND OPTIONS

Reasons for the decision:

Accepted:

1. The recommendation of this report to award the contract was made following a single stage tender process. The tender was assessed for quality and cost on a 30/70 split. The result of the tender process was the Council were left with a single viable contractor following Bidder B applying to appoint administrators.
2. Based on this information the project team have concluded that Bidder A, despite scoring lower in the evaluation, are a viable contractor and should be selected for the contract.

Other options considered:

Rejected:

3. Going back out to tender as a result of the tender process only yielding one viable result was considered. The impact on the project programme and the cost of retendering meant that this option was rejected.

4. Not to appoint the main contractor until the health centre Heads of Terms have been agreed and the parties have entered into the formal agreement for lease. This option was rejected as delaying the construction of the scheme could place pressure on the construction budget due to inflation. In addition, the cost of placing families in hotels would continue to place strain on the General Fund temporary accommodation budget, if the project was delayed.

IMPLICATIONS AND RISKS

Financial implications and risks:

1. This report seeks approval to award the main works contract to Bidder A. The contract is to be funded from two budgets C35870 (HRA) for the delivery of the hostel and C38590 (General Fund) for the delivery of the medical centre.
2. The current budget covers construction costs, provisional sums, contingency, plus additional estimated fees, charges and provisions. The award of the contract would fit within the existing budget envelope.
3. In terms of the construction the contract is fully funded, however the Council would be entering into this contract with respect to the health facility at risk.
4. Negotiations with Health Service representatives to lease the health facility are underway but will not be concluded before the proposed award of the main works contract. As part of an outline deal, the Health Service has requested that the Council fund fit-out costs, which have not yet been budgeted for. It is proposed to increase the funding envelope with an assumption that the additional finance costs being met from the rental income. The cost of the fit-out will be recovered via the rental charge over time. Once the fit-out costs are finalised the funding envelope will be adjusted. This will require further governance.
5. Should the Health Service not be able to proceed for any reason, then the Council would consider other options for the floor space that is currently earmarked for the health centre.

Risks

6. It is proposed that the main works contract is awarded in advance of a firm contractual commitment from the Health Service to lease the health facility. The associated finance costs have been incorporated in the MTFs with no assumption on rental income. As a result, commencing the construction would not have an adverse impact on the General Fund.

7. Entering into a contract with the Health Service would increase the capital commitment arising from the fit-out costs. The rental income from the lease however would cover the additional financing costs.
8. The contract with Bidder A contains provisional sums but construction contingency is in place to manage any adverse cost movements.

Legal implications and risks:

9. The Council has a statutory duty under Section 8 of the Housing Act 1985 to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation. Further, S111 of the Local Government Act 1972 permits the Council as “a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions”. Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything an individual can do, subject to any statutory constraints on the Council’s powers. The recommendations in this report are in keeping with these powers and duties.
10. The contract to be entered into is the JCT Design and Build 2016 lump sum contract with London Borough of Havering. Amendments have been evaluated on a 70/30 price: quality ratio in accordance with the requirements of the Council’s contracts procedural rules. As set out in this report, officers consider this to represent the best value for the Council.
11. Section 123 of the Local Government Act 1972 gives the Council the power to dispose of land providing it does so on terms (otherwise than by way of a short tenancy) for a consideration not less than the best that can reasonably be obtained or with the consent of the Secretary of State. In taking the decision to enter into the Agreement for lease and lease for the Health Centre, the Strategic Director of Place, after consultation with the S151 officer, will need to be satisfied that the transaction meets the requirements to obtain 'not less than best consideration' under Section 123 Local Government Act 1972.

Human Resources implications and risks:

12. The content and recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

Equalities implications and risks:

13. There are no Equalities or Social Inclusion implications arising from this decision.

14. The Public Sector Equality Duty (PSED) under S149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:
 - i. The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - ii. The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
 - iii. Foster good relations between those who have protected characteristics and those who do not.
15. Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.
16. The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

Health and Wellbeing implications and Risks:

Health & Wellbeing Benefits:

17. The Council is committed to improving the health and wellbeing of its residents. The provision of good quality and affordable housing is an important determinant of health and wellbeing as housing impacts both our physical and mental health and wellbeing. Inadequate housing and poorly designed housing is associated with increased risk of ill health including cardiovascular and respiratory diseases, depression and anxiety as well as risk of physical injury from accidents.
18. The Family Welcome Centre will play an important role for families dealing with homelessness, providing a refuge for children and safe space for families to receive the support they need to get back on their feet, including co-ordinated Council services to support around social services, housing and employment.
19. The scheme includes outdoor space with play areas for children, which have proven mental health benefits such as reduced anxiety and improved general mood.

Health & Wellbeing Risks:

20. The proposals to award the construction contract for this project do not give rise to any health and wellbeing risks.

Environmental and climate change implications and risks:

21. There are no direct implications relating to the environment or climate change relating to this report.

22. The selected contractor is required to perform the work in a safe and environmentally responsible manner, minimising noise, dust, odours, waste, pollution and any inconvenience to the surrounding area general public. Furthermore, the project will be assessed by the skilled surveyors, who will produce project-specific method statements, comprehensive risk assessments and health and safety plans, working in accordance with ISO 9001, ISO 14001 and ISO 45001 standards.

BACKGROUND PAPERS

Harold Hill Town Centre Masterplan (approved by Cabinet in January 2021)

HRA Business Plan 2023-2053 (approved by Cabinet in February 2023)

APPENDICES

Exempt Appendix A – Tender Report – Main Works

Exempt Appendix B – Draft Heads of Terms

Exempt Appendix C – Defined Provisional Sums