CABINET

21 February 2022

Title: Redevelopment of 53-135 Roxwell Road and 2-4 Stebbing Way, Thames View - Review of Costs	
Report of the Cabinet Member for Finance, Performance and Core Services and the Cabinet Member for Regeneration and Economic Development	
Open Report	**For Decision**
Wards Affected: Thames	**Key Decision:** Yes
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Accountable Strategic Leadership Claire Symonds, Interim Chief Executive and Managing Director	

Summary

By Minute 50 (17 September 2019), the Cabinet approved proposals for the redevelopment of 53-135 Roxwell Road and 2-4 Stebbing Way on the Thames View Estate to provide 87 new homes with a total development budget of £21.125m.

This project was one of a number of schemes included in Be First's Business Plan for 2021-2026, approved by Minute 94 (16 March 2021), which were due to progress into contract in this financial year.

Since the Business Plan was agreed however, there have been some significant changes in the external market which are impacting on the Council's ability to deliver schemes to the budgets set out in the Business Plan. This has included significant inflation in the construction market. These cost increases have been driven by the impact on the cost of materials and labour of Covid, Brexit, and the introduction of more stringent building regulations, particularly in relation to fire safety and sustainability.

Consequently, there are a number of projects within the Be First Business Plan that are due to start on site within the next three to six months, that have experienced significant cost increases since the previously reported figures.

This report focuses on the Roxwell Road project, which is targeted for contract award in March 2022, and negotiations with the contractor on the contract price have been completed. Separate Cabinet reports will be presented for the other projects in due course once the negotiations with contractors have concluded and the contract price confirmed.

At the September 2019 meeting, the Cabinet gave delegated authority to the Managing Director, in consultation with relevant Members and officers and on the advice of the

Investment Panel, to progress these projects. However, due to the significant additional costs as shown below, it is appropriate for the Cabinet to reconsider its commitment to this project.

Based on the latest cost information, the total development costs for Roxwell Road are £32.4m. If Roxwell Road is to progress in the timescales envisaged, additional provision in the Capital Programme of £11.275m is required. As with all Be First development projects a full development and financial appraisal, including financial metrics, are presented to the Investment Panel (IP) and only those projects assessed as meeting the Council's criteria will progress.

As a result of the cost increase, officers have reviewed the funding requirements in order to achieve the Council's financial performance metrics.

Following negotiations, the GLA has agreed to allocate £3.75m (£150k per London Affordable Rent home) towards the project, subject to construction works commencing by the end of March 2022. Right to Buy receipts of £8.45m and approximately £1.5m of unallocated s.106 funding, available from the first two phases of the Fresh Wharf development (Planning reference 14/1196/OUT) towards the delivery of affordable housing in the borough, have also been earmarked to support the project.

The Be First Business Plan 2022 – 2027 will be presented to the March meeting of Cabinet and will include revised total development cost projections for all current and new pipeline schemes. However, subject to confirmation of the GLA grant and s.106 funding, Roxwell Road may need to progress through the gateway process before Cabinet considers this revised Be First Business Plan in order to retain the agreed contract price, which is fixed until the end of March, and secure the GLA grant funding, which is conditional on works commencing by the end of March.

The purpose of the report is to update Cabinet and request the appropriate delegations to officers to proceed with Roxwell Road based on the revised cost estimate set out in this report. The project will still be subject to the full development and financial appraisal process and will require IP approval in the normal way.

Recommendation(s)

The Cabinet is recommended to:

(i) Re-affirm its commitment to the project at 53-135 Roxwell Road and 2-4 Stebbing Way, Thames View, on the terms set out in the report;

(ii) Agree the use of an additional £5.95m Right to Buy receipts and the allocation of circa £1.5m of S106 funding, available from the first two phases of the Fresh Wharf development towards the delivery of affordable housing in the borough, to support the viability of the project;

(iii) Agree to the inclusion of a total of £32.4m in the Capital Programme to enable the project to proceed on schedule; and

(iv) Delegate authority to the Chief Executive, in consultation with relevant Cabinet Members and Directors and on the advice of the Investment Panel, to negotiate terms, agree final arrangements and enter into all necessary contract documents and ancillary agreements to fully implement and effect the delivery of the projects.

Reason(s)
The recommendations are aligned with the four priority areas identified within the Inclusive Growth section of the Council's Corporate Plan 2020 to 2022:

- **Homes**: for local people and other working Londoners
- **Jobs**: a thriving and inclusive local economy
- **Places**: aspirational and resilient places
- **Environment**: becoming the green capital of the capital.

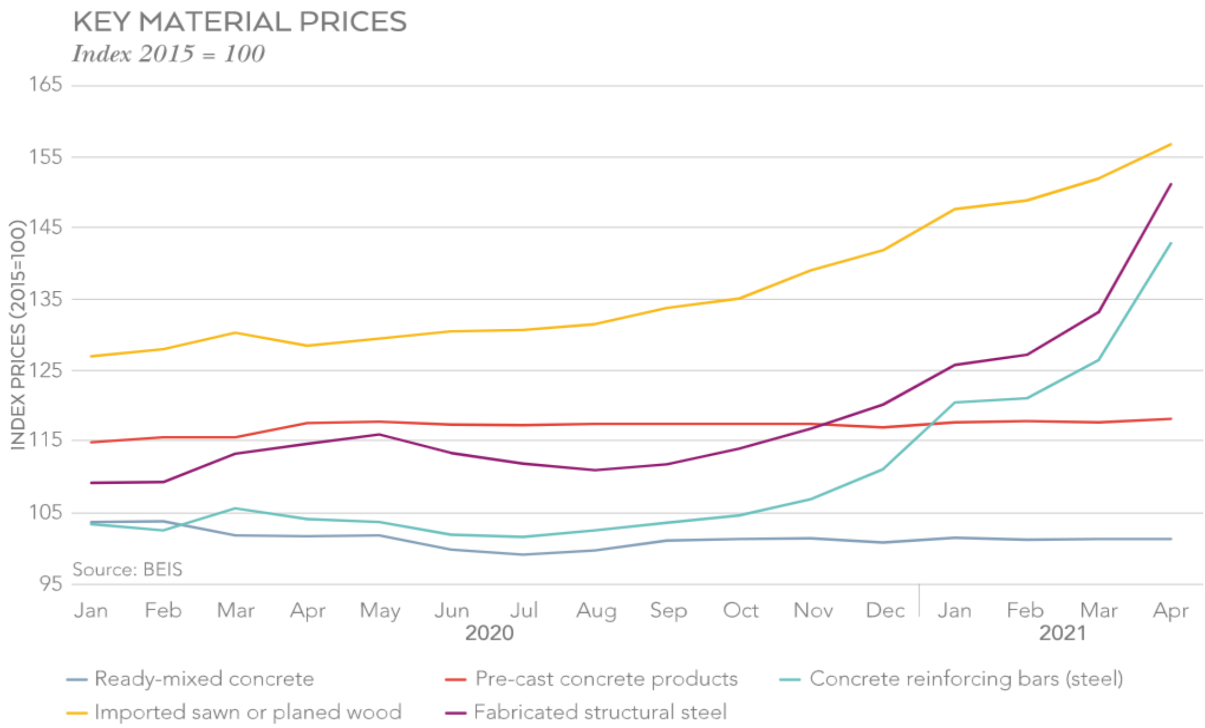
1. Introduction and Background

1.1 In March 2021, the Cabinet agreed the Be First Business Plan. The plan contained a list of schemes which Be First was aiming to progress in this financial year. There was a net cost (total development cost less grant funding) estimate for each scheme in the plan. The Cabinet agreed to delegate the decision on investing in these schemes to the Managing Director, advised by Investment Panel, once detailed feasibility and financial modelling had been carried out.

1.2 Subsequent to the approval of the business plan, the development and construction sector has experienced significant cost pressures and changes. Whilst high material price inflation is not expected to continue indefinitely, prices have increased significantly in recent months. This is resulting in a current estimated £97m increase in costs across the housing delivery programme.

1.3 The impact of Brexit and Covid-19, which has constrained the supply of materials and labour, together with increasing demand for materials and labour due to growing global construction markets in recent months, has resulted in sharp increases in material and labour costs. Given the current level of volatility in the construction sector the future outlook is uncertain in the short term.

1.4 A wide range of materials have been affected, including steel, timber, plasterboard, bricks, concrete/cement and sand. Steel costs are up around 15% this calendar year, sawn timber up by approximately 10%, and concrete 15%, as the impact of Covid is realised, together with a recent upturn in demand as the economy has started to recover, and product availability becomes limited. This is illustrated in the following graph:



Source: Gardiner & Theobald Q3 2021 Tender Price Indicator report

1.5 In addition to rising materials costs, labour costs have also risen sharply due to significant wage growth in response to the large number of vacancies in the construction sector. The rapid recovery has resulted in contractors rapidly trying to recruit additional labour to meet demand, with UK construction vacancies rising to a 20-year high based on official ONS data in the year to April 2021.

1.6 As a result of the above market trends, the last 12 months has seen a general cost increase of 5-8%, with benchmark market data suggesting build cost rates in excess of £3,000/m2 not being uncommon in the current market.

1.7 In addition to this, changes to design specifications in response to building and fire regulations and evolving client requirements has added approximately 8% to the construction costs over 2019/20 and 2020/2021.

1.8 As a result, in common with the wider development sector, price increases have been experienced on a number of projects that we have been seeking to award contracts on over the last six months. These pressures have been mitigated on a number of projects through a mixture of negotiation with contractors, modifying specifications to reduce costs, and other efficiencies through the detailed design phase to reduce cost and improve value, while ensuring the asset meets the requirements of the council's Employer's Requirements and health and safety legislation.

1.9 The impact of these pressures on the wider delivery of the Council's investment and acquisition strategy are also being considered, alongside other changes in the housing market which are impacting scheme viability. A paper setting out the council's response to these challenges will be brought to a future meeting of the Cabinet as part of an update on the Investment Strategy.

2 Proposal and Issues

2.1 53-135 Roxwell Road and 2-4 Stebbing Way has been earmarked for redevelopment in the Council's Estate Renewal Programme 2015-2021, Be First's Business Plan, and the Investment and Acquisition Strategy 2017, all of which have been approved by Cabinet. A site plan is provided in Appendix 1.

2.2 The existing buildings (comprising 42 properties) are in extremely poor condition, the redevelopment of which provides a significant regeneration opportunity within the Thames View Estate. The development proposals deliver a range of benefits including:

- doubling the number of affordable homes on the site,
- providing higher quality more sustainable homes,
- offering a more diverse mix of homes, including family houses,
- providing good quality and safer public realm, both within the site itself, and to adjacent areas including Newlands Public Park.

2.3 Engagement with the residents of the existing homes was undertaken in 2019, the majority of whom were supportive of the site being redeveloped. The results were reported to Cabinet in September 2019, and approval granted to redevelop the site, delegating authority to the Director of Inclusive Growth to determine the final arrangements and agree the appointments to implement the proposals to provide 82 affordable homes at a total development cost of £21.125m.

2.4 Planning permission has since been secured to deliver 87 affordable homes (an uplift of 5 homes) and vacant possession has been achieved. Massing and layout plans are provided in Appendix 1. Residents have been moved from the homes to suitable alternative properties and the site is ready for demolition and redevelopment.

2.5 A contractor procurement exercise has been undertaken through the Be First Development Framework, with a preferred contractor having been selected and Contract Price agreed to carry out the demolition and construction works, subject to Investment Panel approval.

2.6 The tender offer has been reviewed by Investment Panel. Due to the scale of cost increase above the cost figures previously reported to Cabinet, it was agreed at Investment Panel that a further update is provided to Cabinet prior to the final decision to appoint the works.

2.7 Whilst the contractor's price represents value for money in the context of current market conditions, which have seen significant increases in construction costs over the last 24 months, it results in a significant increase in the total development costs of the project compared with the original business case that was reported to Cabinet in September 2019.

2.8 Furthermore, the number of homes being provided has increased by 5 units, which has also increased the total development costs of the project.

2.9 As a result of the additional homes, and changes to market conditions, the total development costs for Roxwell Road have increased by c.£11.275m from £21.125m to £32.4m.

2.10 This has affected the financial performance metrics of the project, which have been reviewed, to ensure that the Council continues to act as a prudent borrower in the context of challenging market conditions.

2.11 The level of financial return is significantly lower than figures reported in the September 2019 Cabinet report, with a reduction in the IRR from 7.6% to 4.82%.

2.12 Furthermore, in order to be able to achieve a positive Net Present Value and positive cumulative cashflow every year, an increase in the level of GLA grant of £350k is required (from £3.4m to £3.75m), together with £5.95m of additional Right to Buy receipts (from £2.5m to £8.45m), and £1.5m of s.106 funding.

2.13 Discussions are ongoing with the GLA in relation to grant funding, who have confirmed that they are prepared to offer £150k per London Affordable Rent (LAR) home for Roxwell Road, providing the construction works commence by the end of March 2022. Given the importance of this funding to the overall viability of the project, the works contract will not be signed until the grant funding is secured, and a detailed appraisal has been assessed by Investment Panel.

2.14 Approximately £1.5m of s.106 funding is available from the first two phases of the Fresh Wharf development (Planning Reference 14/1196/OUT) towards the delivery of affordable housing in the borough. This funding is currently unallocated, and has been earmarked for Roxwell Road, subject Cabinet approval.

3. Options Appraisal

3.1 A number of options have been considered for the Roxwell Road project:

3.2 Option 1 - Do not build

3.2.1 The Council has decanted all of the 41 properties, and the site is vacant. The existing buildings are in extremely poor condition, with environmental and safety issues. A vacant site presents a risk of squatting, with the Council being liable for any health and safety issues arising from this. There would also be a risk of anti-social behaviour that would affect neighbouring residents.

3.2.2 In order to mitigate those risks the buildings would need to be demolished, at an estimated cost of £300k. The site would also need to be kept secure and managed, at an estimated cost of £7k per week.

3.2.3 The majority of the expenditure to date of £1.8m to secure planning permission and procure the contractor would be abortive if the site was not redeveloped.

3.3 Option 2 - Delay 6 - 9 months and re-tender the works

3.3.1 Delaying for this time period would enable the site to be re-tendered in order to try to secure a more competitive price, at a time when the construction market has become less volatile and uncertain.

3.3.2 However, based on advice from the cost consultants, whilst market uncertainty is likely to reduce in the short to medium term, there is no guarantee that costs will reduce, particularly given recent increases in cost inflation.

3.4 **Option 3 - Dispose of the site to be redeveloped by a third party**

3.4.1 The site could be sold to a third-party developer to deliver the scheme. In order to secure the scheme benefits, the disposal would need to be under a development agreement (as opposed to a land sale), with conditions placed on the purchaser to deliver the scheme in accordance with the planning permission and agreed timescales.

3.4.2 Given that this is a 100% affordable housing scheme, the land value is likely to be negative, estimated at -£3m to -£4m, based on the contract price, and rental value assumptions. Consequently, the Council is unlikely to achieve a surplus cashflow by disposing of the site to deliver the proposed scheme.

3.4.3 Alternatively, the site could be disposed of to deliver a planning policy compliant scheme (including 50% private market housing), which could generate a land receipt. However, there is no guarantee a suitable developer could be found to acquire the site. Furthermore, the likely loss of affordable housing would be detrimental to delivering the council's housing strategy and regeneration aims, which were the justification for the site being earmarked for redevelopment and residents being moved to alternative housing elsewhere.

3.4.4 The redevelopment of the site would also be delayed as the council would need to market the site, identify a suitable buyer and then complete the legal process to sell the land.

3.5 **Option 4 - Enter into a build contract to deliver 87 affordable homes**

3.5.1 This option proposes to enter into a JCT (Joint Contracts Tribunal) contract, based on a contract price of £25.57m, once the GLA grant has been secured, to deliver 87 affordable homes with a target completion date of September 2024.

3.5.2 Based on the agreed contract price, this results in a total development cost of £32.4m for the project, an increase of £11.275m above the previously reported cost of £21.125m.

3.5.3 In order to be able to achieve a positive NPV and cumulative cashflow surplus from year 1, RtB receipts of £8.45m (£136k per Affordable Rent (AR) unit) and GLA grant of £3.75m (£150k per London Affordable Rent (LAR) unit) is required. Given the need for GLA grant to ensure the project meets the Council's financial performance metrics, it is proposed that the contract is not awarded until the GLA grant has been secured. In addition, it is proposed that £1.5m of unallocated s.106 funding from the Fresh Wharf development towards the delivery of affordable housing in the borough is allocated to Roxwell Road.

3.5.4 Based on this level of grant, the net cost of the project is £17.02m, which is £3m below the net cost figure of £20m reported in the Be First Business Plan presented to Cabinet in March 2021.

3.5.5 This is the recommended option for the following reasons:

- Delivers the Client Brief, specifically delivering good quality affordable homes and public realm, on an estate with an identified regeneration need.

- Delivers a financial return to the Council, based on the price that has been agreed with the contractor and the level of grant funding that has been sought from the GLA.

3.6 The final approval of contract terms and implementation of the contract is proposed to be delegated to the Chief Executive, in consultation with relevant Cabinet Members and Strategic Directors and on the advice of the Investment Panel.

4. Financial Implications

Implications completed by: David Dickinson, Investment Fund Manager

4.1 53-135 Roxwell Road and 2-4 Stebbing Way (Thames View Estate) forms part of the 44 schemes agreed by Cabinet as part of the IAS. This report follows on from a Gateway 2 report, which was taken to Investment Panel in 2018, where a £2.75m pre-development budget was agreed and total scheme costs of £21.125m. The report is asking for an increased budget of £11.3m to a total of £32.4m, an increase of nearly 50%, for a total of 87 affordable homes, with 62 AR units and 25 LAR.

4.2 The additional build costs significantly reduce the scheme's return, but this is mitigated by an increase in GLA grant, use of s106 and by using more Right to Buy (RtB) receipts. The financial appraisal uses £150k per unit for LAR and this has been confirmed by the GLA. This contribution is insufficient to make the LAR viable but there is the need to also use £1.5m of s.106 funding to make up the shortfall. With this funding the scheme is viable, although the surpluses are fairly small and there are a few years with negative cashflows, due to lifecycle costs.

4.3 RtB receipts of 40% have been used to make this scheme viable. Using higher RtB receipts will impact future schemes and this approach and the implications of this needs to be agreed, especially by Be First. The increased build costs does also increase the amount in cash terms of RtB that is required and, again, this will impact future schemes as the proceeds from the sale of Council homes has not kept up with this increase in build costs.

4.4 Lifecycle costs have been reprofiled to reflect revised lifecycle assumptions but also when they will be required. This has resulted in more years of surplus cashflows but also a few years where there are large negative cashflows. Negative cashflows need to be covered by surpluses in other schemes and currently the schemes going into Reside and the Registered Provider (RP) have similar cashflows. Negative cashflows do not allow for a deterioration in cashflows and therefore they do not allow the scheme to have a safety margin.

4.5 The original completion date was Q2 2021, which has been delayed significantly with the revised completion date now in 2024. This delay has resulted in a much more expensive development being built and less viable scheme being proposed, although the increase in GLA grant, the ability to use more RtB and the reduced costs of borrowing has helped allow a viable scheme to be ultimately proposed.

4.6 To improve viability it may be necessary to reduce the interest rate charged to Reside to 2.75% (from 3%) for AR and 2.50% (from 2.75%) for LAR to ensure that there are surplus cashflows for the scheme when it is transferred to Reside. This reduces the Council's interest margin and makes the scheme more risky, with little safety margin, and it will not be possible to reduce the interest rate further. However, based on the current cashflow modelling, then most of this would come back to the Council from the AR schemes as surplus income and could be used for the LAR units to subsidize the negative cashflows from schemes that have already been agreed.

4.7 The report includes a number of options, with the preferred option being entering into a build contract with the preferred contractor. This approach is supported by the financial appraisals, after the interest rate is reduced, but must be conditional on receiving confirmation from the GLA that the £150k per unit will be made available and that s106 money will be available for the LAR tenure. Without this level of grant, the scheme is not viable and will not be able to be transferred into the RP. If the property is still built and cannot then be transferred to the RP then it will have to be held within the HRA.

4.8 The table below shows the cashflows for each change, including the additional GLA and s106, increased Rtb and then if on lending interest charges were reduced. As the table outlines, using the original assumptions, but including the increased costs, the scheme is not viable. With additional grant, RtB receipts and lifecycle costs reprofiling the tenures will include negative cashflows. With the grant and then a reduction in the interest margin, the scheme is viable and can be transferred into Reside and the RP but overall, the income to the Council will be reduced due to the lower interest rate being charged to Reside.

Cashflows to 2050 showing the changes to the cashflow after GLA and RtB increases and after the decrease in interest rate

	Original Cashflows				Updated with GLA, s 106 and 40% RtB		Updated with reduced AR and LAR Interest Margin		
Year	£21.87m	£15.23m	£6.64m	£17.12m	£13.24m	£3.87m	£17.12m	£13.24m	£3.87m
	Total	AR	LAR	Total	AR	LAR	Total	AR	LAR
2024	38,504	49,015	-10,511	235,842	66,496	169,346	81,153	191,706	272,859
2025	66,924	69,807	-2,883	264,765	73,877	190,888	88,534	213,249	301,783
2026	-115,810	-46,796	-69,014	113,809	18,307	95,502	32,964	117,863	150,827
2027	-91,760	-28,703	-63,058	139,270	24,303	114,967	38,961	137,328	176,289
2028	-66,942	-10,029	-56,913	165,543	30,494	135,049	45,151	157,410	202,561
2029	-51,595	1,551	-53,146	181,754	34,253	147,501	48,910	169,862	218,772
2030	-35,935	13,368	-49,303	145,141	18,757	126,384	33,414	148,745	182,159
2031	-269,804	-152,627	-117,177	160,941	22,282	138,659	36,939	161,020	197,959
2032	-258,513	-143,898	-114,616	177,056	25,876	151,180	40,534	173,541	214,075
2033	-246,996	-134,993	-112,003	-295,998	-140,190	-155,808	-125,532	-133,447	-258,979
2034	-235,248	-125,910	-109,337	210,262	33,285	176,977	47,943	199,338	247,281
2035	-223,265	-116,645	-106,619	176,975	18,935	158,040	33,593	180,401	213,994
2036	-211,040	-107,194	-103,846	244,814	40,992	203,822	55,650	226,183	281,833
2037	-198,574	-97,556	-101,018	262,609	44,963	217,646	59,620	240,007	299,627
2038	-185,857	-87,724	-98,133	-826,635	-316,196	-510,439	-301,538	-488,078	-789,616
2039	-172,887	-77,696	-95,190	299,270	53,142	246,128	67,799	268,488	336,287

2040	-159,658	-67,468	-92,190		318,154	57,355	260,799		72,012	283,160	355,172
2041	-146,161	-57,034	-89,128		337,412	61,652	275,760		76,309	298,121	374,430
2042	-132,398	-46,392	-86,006		357,061	66,035	291,026		80,692	313,387	394,079
2043	-118,354	-35,535	-82,820		-1,481,959	-590,453	-891,506		-575,795	-869,145	-1,444,940
2044	-104,033	-24,461	-79,572		397,540	75,065	322,475		89,723	344,836	434,559
2045	-89,427	-13,169	-76,258		418,389	79,718	338,671		94,375	361,032	455,407
2046	-74,528	-1,650	-72,879		439,655	84,462	355,193		99,119	377,554	476,673
2047	-59,331	10,099	-69,430		397,437	66,262	331,175		80,920	353,535	434,455
2048	-43,829	22,085	-65,914		483,467	94,236	389,231		108,894	411,592	520,486
2049	-28,018	34,310	-62,327		506,036	99,271	406,765		113,929	429,126	543,055
2050	-11,888	46,780	-58,668		235,842	66,496	169,346		81,153	191,706	272,859

5. Commissioning Implications

Implications completed by: Darren Mackin, Head of Commissioning and Place, Inclusive Growth

5.1 The paper has set out some of the current cost pressures in the construction sector which are impacting on the delivery of the council’s new homes development pipeline. Many of these pressures are being contained within the parameters of the budgets agreed in the current Be First Business Plan.

5.2 If Cabinet agree this proposal it should be possible, pending Investment Panel approval, to get this project into contract this financial year. This would mean delivery will begin by April on a 100% affordable housing scheme. It will also mean that the current vacant building will be demolished, reducing the risks of Anti-Social Behaviour in the area.

6. Legal Implications

Implications completed by: Paul Feild, Senior Governance Lawyer, Legal

6.1 This development has been considered by the Cabinet in November 2019 and was agreed. Since that time much work has been carried out including the decantment of the occupiers at the time. This is an important milestone and achievement. Since the report the UK as indeed the world as a whole have experienced a catastrophic upheaval both socially and economically that could not be predicted at the time of the Cabinet report. There was for a time significant changes in the way of working which now effective vaccinations are widespread may mean 2022 will more resemble the orthodox regeneration understanding and practice. Furthermore, the effect of the upheaval and Brexit has inevitably created uncertainty about cost of logistics, labour, tradespeople, materials and professional support. For these principle reasons this report rightly updates the Cabinet of the changes which will impact on the cost of delivery of the development. Nevertheless, the legal position has not materially changed, and the objectives agreed in 2019 still can be achieved albeit for extra cost, which is inevitable as explained in this report.

6.2 The contract to the contractor was awarded off one of the Be First Frameworks, presumably after competition. Once a contract has been awarded it cannot be varied unless it complies with the provisions of the Public Contract Regulations 2015 (PCR) Regulation 72 (1) (c) permits such variations where, the modification could not have been foreseen, it does not alter the overall nature of the contract and the price has not increased by more than 50%. Currently those requirements are met, however if the price increases by more than 50% any variation will be in breach of the PCR and the contract will have to be retendered. There is no provision in either of the Be First Frameworks for a direct award. The fact that the price has been more or less fixed should ensure the contract remains compliant.

7. Commercial Implications

Implications completed by Hilary Morris, Commercial Director

7.1 This paper requests approval to progress with the Roxwell Road development and enter into a contract to build out the scheme at an increased development cost of £11.27m. This represents a 48% increase in the original development cost.

7.2 The paper outlines some of the pressures being placed on development schemes by circumstances which are largely outside of the Council or Be First's control. Increases in fire regulations are forecasted to contribute to contribute (on average) 8% to new development scheme costs and this increase is unlikely to reduce in the near future. To respond to these changing conditions all new development schemes being proposed by Be First must include these new assumptions, accepting that this will reduce the viability on marginal schemes and potentially make it more difficult to proceed with the scale of development desired.

7.3 The paper recommends continuing with the development and entering into contract at the increased contract sum on the basis that the independent cost consultants' advice is that some of the other increases which are market led, such as the 5-8% increase to construction material costs/material unavailability as well as labour shortages are not anticipated to reduce in the immediate future.

7.4 This element of the cost increase does have the potential to reduce in time if the market stabilises and labour shortages ease, but this cannot be predicted with any degree of certainty. It is just as likely that the costs could stay the same, or increase depending on how robustly the development market continues to perform coming out of the pandemic. As this is still uncertain, it is sensible to weigh up whether the known costs to hold the already vacant site (c £7k per/week), as well as the environment and community costs such as potential antisocial behaviour, are worth incurring on the uncertain basis that a reduced cost could be obtained in the future.

7.5 Providing the additional GLA grant can be confirmed, and a revised viability assessment confirms the scheme will still deliver a return, the recommendation to proceed with the scheme is sensible given the stage it is at, and the costs already incurred.

8. Risk Management

Cost increases

8.1 In order to mitigate the risk of cost increases a 99% fixed price has been agreed with the contractor.

8.2 In addition 5% contingency on the works costs has been allowed for in the project budgets to accommodate residual cost risks.

GLA Grant

8.3 The Roxwell Road has been included within the GLA's Building Council Homes for Londoner's programme, and the GLA has advised that they have allocated £3.75m (£150k per LAR unit) to the Roxwell Road project.

8.4 Given the amount of grant required to achieve the financial performance metrics, the construction works will not be appointed until the grant is formally secured.

Programme delays

8.5 Delays to the confirmation of the GLA grant will delay the commencement of the works. High level discussions are ongoing to try to expedite the final decision.

8.6 Once works have commenced, there is an ongoing risk of Covid and Brexit related supply chain issues affecting the programme. The construction programme will be monitored closely with the contractor as works progress, and opportunities explored with them to adjust the sequencing of works in order to maintain programme without affecting the contract price.

Public Background Papers Used in the Preparation of the Report: None

List of Appendices:
- Appendix 1 - Site Plan and Massing and Layout Plans Roxwell Road