

Item No.	Classification: Open	Date: 22 January 2014	Decision Maker: Chief Executive
Report title:		Gateway 2: Contract Award Approval for the Design and Build of Camberwell Library and the development of a new Plaza	
Ward(s) or groups affected:		Camberwell Green, Brunswick Park, South Camberwell	
From:		Director of Regeneration	

Not for publication by virtue of category 3 of paragraph 10.4 of the Access to Information Procedure Rules of the Southwark Constitution

RECOMMENDATIONS

1. That the chief executive approves the award of the contracts and documents outlined in table 1 and paragraph 8 of this report, for Camberwell Library to 4 Futures Limited, the council's Local Education Partner (LEP), subject to:
 - The financial implications for the council being no more than the value disclosed in the closed version of this report;
 - Written confirmation from the director of regeneration of his approval to let the contract following his consideration of a value for money report from the council.
 - The submission from the LEP satisfying the council's requirements.
2. That the chief executive notes that the contract will not be awarded to the LEP should the requirements listed in paragraph 1 not be met.

BACKGROUND INFORMATION

3. On 21 June 2011 cabinet approved the re-provision of premises for the Camberwell Library, to include a new resource centre, on the site in front of the Magistrates' Court in Camberwell. The project will link in with other developments in the area and provide the opportunity to improve the public realm in the civic space between Camberwell Green and the Magistrates Court. The allocation of a capital budget to fund the project was agreed as part of the Modernise 2 programme.
4. In December 2011 the cabinet member for finance, resources and community safety approved the recommendation to construct a new 700m² building on the site in front of the Magistrates Court to be used as Camberwell Library.
5. In March 2012, the Local Authority Representative (finance director) of the Strategic Partnering Board appointed the LEP to review the brief and conduct a massing options study to establish a design envelope within which detailed designs could be successfully progressed. The study was then formalised into a suite of costed

feasibility and briefing information to enable the project to proceed to the design phase (Stage 0).

6. In June 2012 the finance director formalised his prior agreement to the procurement strategy to procure through the LEP the design development of the Camberwell Library project, and approved the award of a contract to the LEP to develop a New Project Proposal for Camberwell Library, as permitted within the Strategic Partnering Agreement.
7. In June 2012 the finance director approved the procurement strategy for the appointment of the LEP to undertake the construction of Camberwell Library under a Design and Build contract. The contracts to be entered into at contract award are outlined in table 1 and are based on national standard form documentation used for the Building Schools for the Future programme. This documentation has been subject to detailed review by Southwark Legal Services, with advice from external legal advisors (Trowers and Hamlins).

Table 1: Contracts to be signed

Contract	Contract purpose	Parties	Initial term	Extension
Design and Build Contract – Camberwell Library	Detailed design work and build of Camberwell Library	London Borough of Southwark and the LEP	No term – dependent on completion of build and defects period (approx 3 years)	N/A
Associated documents and agreements	Other linked and associated documents and agreements relating to the headline contracts, e.g. collateral warranties	Various Parties	Various	Various

8. The council will also enter into associated interface agreements which will outline the responsibilities for involved parties, departments within the council and their suppliers through the construction period.
9. In order to maintain the programme to complete the construction of the Library by December 2014, works have now been completed to remove the trees at the site, hoard the site, provide security and carry out sundry preparatory works up until the start of the main works in February 2014. These works were procured under an Advanced Works Agreement with 4 Futures which was entered into in October 2013.

Procurement project plan (Key Decision)

10. The timetable of the procurement process for Camberwell Library is set out in the table below, and shows that the construction of the library is programmed to be completed by December 2014.

Procurement project plan

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	June 2013
Combined GW 1/2 Procurement Strategy and Award of Contract approval for the Design Development of the Camberwell Library Project and Gateway 1 Procurement strategy approval of the construction works	June 2012
Invitation to bid (New Project Request)	August 2012
Stage 1 Submission	December 2012
Stage 2 Submission	October 2013
DCRB Review Gateway 2: Contract Award Approval for the Design and Build of Camberwell Library and the development of a new Plaza (this report)	4 November 2013
Approval of Gateway 2: Contract Award Report	February 2014
Finalisation of contract terms	07 February 2014
Contract award	08 February 2014
Add to Contract Register	February 2014
Contract start	11 February 2014
Contract completion date	December 2014

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

11. This procurement will lead to the delivery of a new 700m² building for Camberwell Library, which will link in with other developments in the area and improve the public realm in the civic space between Camberwell Green and the Magistrates Court.
12. The project will address the condition and accessibility issues of the existing building, by providing new premises which will provide a welcoming and accessible environment, along with improved accommodation for staff and a safer environment. The project will maintain council presence in the centre of the borough and extend the customer offer of services in Camberwell.
13. Paragraphs 15 – 18 of this report outline the positive impact that the new Library will have on the local community.

Key/Non Key decisions

14. This report is for a key decision.

Policy implications

15. The new Library will help to fulfil Southwark's ongoing commitment to its community, helping to encourage improved educational facilities for the borough's residents.
16. It is proposed that there is an integrated customer experience across all services offered from the site in line with the emerging customer service strategy. This will be an important point of access for the council in the area, which in future could offer a range of services and community space. Therefore the overall amount of customer visits to the building may be up to three times more than at the current library premises.
17. The accommodation will provide a new library with specific child, young persons and adult library stock, IT provision, study area, flexible meeting rooms that can be booked for use by local community group use as well as council services and two customer contact rooms available for use by council departments and the community.
18. The new library and landscaping will connect to the Green which is at the heart of the local community.

Tender process

19. The LEP was appointed under a Strategic Partnering Agreement dated 13 May 2009 following an EU compliant competitive dialogue process. This agreement enables the council to commission new projects, subject to a project approval process, as outlined in the LEP Engagement Protocol, including:
 - Works and services to/for the BSF programme

- Works and services to/for other community facilities, including redevelopment of Camberwell Library.
 - The provision of ICT equipment and managed services, where relevant.
20. The Strategic Partnering Agreement outlines the staged process through which new projects are developed and approved. These stages include Stage 1 - new project proposals; and Stage 2 - new project final approval submission. The Stage 1 submission was submitted from the LEP to the council in February 2013 and reviewed by the BSF Project Office with support from external advisors.
21. The Stage 2 submission was submitted from the LEP to the council in October 2013 and continues to be reviewed by the BSF Project Office, representatives of the legal and finance sections within the council, library representatives and the council's external technical advisor.

Tender evaluation

22. The LEP's submission will continue to be considered by the BSF Project Office, representatives of the legal and finance sections within the council and the council's Technical Advisor against the criteria outlined in the Strategic Partnering Agreement, value for money protocol and against the council's requirements in order to ensure that it meets these requirements and approval criteria. The statements below outline the mechanisms for ensuring that these conditions are met:
- **Condition 1: The financial implications for the council being no more than the value disclosed in the closed version of this report-** The cost plan and proposals have now been received from the LEP which show that the financial implications for the council are within this value. However, as we finalise the contract documentation and continue to interrogate the cost plan submitted from the LEP, opportunities will be identified for this value to decrease as a result of value for money queries being resolved, and further value engineering of the scheme.
 - **Condition 2: Written confirmation from the director of regeneration of his approval to let the contract following his consideration of a value for money report from the council.-** The council's Technical Advisor will raise clarifications regarding the value for money proposals, which are to be worked through by the LEP as the contract documents are finalised. The value for money report will be provided once the clarifications have been resolved and proposals agreed. This report will then be considered by the director of regeneration in order to inform the decision.
 - **The submission from the LEP satisfying the council's requirements -** The Authority's Requirements form a key document to be included in the contract, and the contractor's proposals respond to these requirements to ensure that they are met. The LEP will propose any items which will not meet the requirements as a derogation, alongside appropriate justification, for the council to consider and approve where appropriate.
23. The approval to enter into the contract with the LEP for the Design and Build of Camberwell Library (this report) is recommended subject to the council's

requirements (as outlined above and in paragraph 1 of this report) being met. This approval is being sought now to ensure that the programme can remain on target, enabling construction to commence immediately following finalisation of the contract documentation and the requirements of the council being satisfied. This will enable the completion date of December 2014 to be achieved.

24. Should the project not be considered value for money, nor meet the requirements of the council, the contract will not be entered into with 4 Futures and an alternative procurement route will need to be sought.
25. The performance of the LEP in terms of outcomes for the council and council related parties is managed through the Strategic Partnering Board. The LEP's performance is measured against the agreed key performance indicators (KPI's) and Continuous Improvement Targets (CIT's), which are reviewed annually (or as required) to ensure that they are an effective tool for the monitoring of performance.
26. The LEP continues to satisfy the council's principal requirements in terms of performance, and are addressing any areas where performance has not consistently met the required standard, for the projects under the Building Schools for the Future Programme. Monitoring of the performance of the LEP is ongoing and is reviewed at the regular meetings with the LEP and their sub-contractors, alongside the Strategic Partnering Board.

Plans for the transition from the old to the new contract

27. There are no specific implications, as there is no existing contract in place.

Plans for monitoring and management of the contract

28. The contract will be monitored and managed by the BSF Project Office in the chief executive's department as part of the Principal Liaison Group (PLG) meetings between contractor and client and the technical assessment of milestones.

Identified risks for the new contract

No	Risk	Rank	Impact	Mitigation
1	Delay to final agreement of contractor's proposals and contract documents.	Medium	Delay to close as documentation is completed	Ongoing monitoring and forward programming to ensure close can be achieved.
2	Compensation events which may arise as a result of unknown site conditions	Low	Increased financial liability to the council.	Client held contingency to meet any council retained risks and any agreed variations to the scope of the contract.

Community impact statement

29. Throughout the pre-planning submission stage of this project there were opportunities for local residents and interest groups to comment on the proposals for the Library and the LEP have demonstrated within the planning application how such feedback has been acknowledged through design.
30. This project has positive implications for all sections of the community by offering an improved environment and extended access to council services. The location is centre of the borough and is easily accessed from the public transport hub of the town centre. The site in front of the Magistrates Court is in close proximity to residential estates.

Economic Considerations

31. The LEP has created the following opportunities for local labour and market development:
 - Young people – mentoring, training opportunities for young people, throughout supply chain, with clear understanding of how this can be linked into curriculum pathways, and a focus on hard to reach young people. This has included setting up talks with students from Southwark’s schools to encourage them to take Btec in Construction, providing a site tour and health and safety talk and a number of work experience placements for Southwark’s students.
 - Leadership and management training opportunities within the supply chain, for example, work shadowing, teacher placements in business, business management mentoring. This has included placements for London Southbank University students, and a Prince’s Trust style programme being devised for under-represented groups in the construction industry.
 - Targeted employment – work placement and apprenticeship opportunities, linked into Southwark’s existing Building London Creating Futures (“BLCF”) work place coordinator model. Also offers for local employment opportunities in support services, FM and ICT services.
 - Small and Medium-sized Enterprises (“SME”) support – commitment to meet the buyer type events, and other mechanisms to secure opportunities for SME supply-chain, including Black and Minority Enterprises (“BME”) (meet the buyer to be held in partnership with the council).
 - Additional Corporate Social Responsibilities (“CSR”) activities or initiatives – other CSR activities, not required by legislation or regulations that demonstrate a commitment, such as voluntary initiatives etc. (Youth programmes).
 - The National Skills Academy for Construction which offered courses to members of the community who wish to return to the construction industry.
32. The LEP’s sub-contractor for this scheme, Mansell Construction Services Limited (Mansell) have also committed to achieving the following targets, as outlined in the training plan submitted to the LEP for the Camberwell Library project:

	Camberwell Library
Work Experience Placements	2

	Camberwell Library
Expected Job Provision from jobs advertised through local employment vehicles	1
CSCS Training Sessions	1

33. The LEP has exceeded their year four target for jobs for local people, with 292 local people being employed on the Southwark projects to date, and have also exceeded their target for apprenticeships for Southwark residents.

Social Considerations

34. As per the Gateway 1 for this procurement there is no specific clause in the standard contract form for the London Living Wage. The LEP have confirmed that their direct staff and the direct staff of their main subcontractors will all receive salaries equivalent to or greater than the London Living Wage. They will also provide a price as part of the Stage 2 submission for all operatives involved in the project to be paid the London Living Wage and the associated audit and assurance that this would require in line with the council's preferred contract drafting. The inclusion of these requirements will be considered by the chief executive on a best value basis ahead of contract execution.

Environmental Considerations

35. The completion of this procurement will create a new Library which will demonstrate commitment to the carbon reduction measures required by Southwark Council, through the application of design principles to manage the use of energy most efficiently.
36. The scheme will be achieving a BREEAM rating of Very Good.

Market Considerations

37. The LEP is a limited company whose major shareholder is a plc with over 250 employees and an international area of activity.
38. On 13 May 2009 the council entered a Shareholders' Agreement with the LEP and others which will remain in operation throughout the term of the Strategic Partnering Agreement.
39. The shareholders of the LEP are: 80% held by a major PLC, 10% held by London Borough of Southwark and 10% Building Schools for the Future Investments LLP (a Government Agency, Building Schools for the Future Investments).

Staffing implications

40. The project will be administered and monitored through the SSF property team and within existing agreed resources.

Financial implications

41. The breakdowns of financial liabilities for this project are included in the closed version of this report.

Legal implications

42. Legal agreements have been based on Partnerships for Schools standard agreements for Building Schools for the Future, with minor project specific amendments.
43. Please see the legal concurrent.

Consultation

44. There has been full public consultation on the proposals, the outcome of which has been incorporated into the design. The design proposals have been subject to the usual consultation and decision making arrangements of the council's planning process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

45. Not required.

Director of Legal Services

46. As the envisaged maximum cost of the proposed contract is below the current EU advertising threshold for works a formal legal concurrent is not usually required. However, the director of legal services (acting through the Corporate Team) notes and affirms the content of this report, which sets out the background to the appointment of the Local Education Partner and explains how the contract will be managed and monitored in order to ensure that performance and value for money are obtained throughout the contract period.
47. Contract Standing Orders require that no contract may be awarded unless the expenditure has been included in approved revenue or capital estimates, or has been otherwise approved by, or on behalf of the council. The report confirms how the various costs associated with this contract are to be met

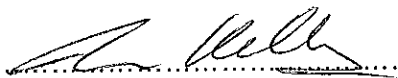
Strategic Director of Finance and Corporate Services

48. This report seeks approval of the chief executive to award contract for the construction of Camberwell library and the development of civic space around the new building to 4 Futures Limited, the council's Local Education Partner, subject to the requirements listed in paragraph 1 being met.
49. The financial implications are contained within the closed version of this report. The contract award will be subject to a value for money analysis from the council's technical adviser.

50. In the event that final contract price is lower than budget, funds will be returned to the capital programme for use on other projects. The costs will be reported regularly to cabinet through the quarterly capital monitoring process.
51. Officer time to effect this recommendation will be contained within existing budgeted resources. Any variation or extension of the contract beyond the scope of this report will require confirmation of funding and formal approval in line with corporate procurement protocols.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature  Date 30.01.14

Designation Chief Executive

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Executive report "LEPco: partnership, governance and management"	160 Tooley Street, SE1 2TZ	Rebecca Ashton 0207 525 4808
Combined GW 1/2 Procurement Strategy and Award of Contract approval for the Design Development of the Camberwell Library Project and Gateway 1 Procurement strategy approval of the construction works	As above	Rebecca Ashton 0207 525 4808

APPENDICES

Appendices
N/A

AUDIT TRAIL

Lead Officer	Sptephen Platts, Director of Regeneration	
Report Author	Rebecca McTier, Project Manager	
Version	FINAL	
Dated	22 January 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Procurement	Yes	Yes
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	No	No
Date final report sent to Constitutional Team	22 January 2014	