

Item No. 10.	Classification: Open	Date: 26 June 2018	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Professional Technical Services Frameworks	
Ward(s) or groups affected:		All	
Cabinet Members:		Councillor Stephanie Cryan, Housing Management and Modernisation and Councillor Leo Pollak, Social Regeneration, Great Estates and New Homes	

FOREWORD - COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR HOUSING MANAGEMENT AND MODERNISATION AND COUNCILLOR LEO POLLAK, CABINET MEMBER FOR SOCIAL REGENERATION, GREAT ESTATES AND NEW HOMES

The council has set a number of fairer future promises and made commitments to provide new homes, refurbish its existing housing stock and to regenerate neighbourhoods. To be able to deliver these promises it is therefore essential that designs and construction meet the needs of our residents and provide the solutions and value to the council.

This report sets out the procurement strategy for the Professional Technical Services frameworks which will compliment our in house delivery teams to deliver our ambitious regeneration, new housing and refurbishment programmes for our residents.

The procurements set out two frameworks that will be accessible to all council departments to engage with these specialist services. The procurement also sets out the benefits for apprenticeships and attracting diversity into this job market. The strategy will also allow local SME's the opportunity to be incorporated into the frameworks.

As landlord to the largest and most diverse council housing stock in London, Southwark always strives to be a responsive manager and progressive commissioner of new homes. Establishing a procurement approach that is properly nimble, outcome-oriented and provides for a quality-led commissioning process is essential to ensuring we can deliver the quality and quantity of new council homes to meet the growing needs of our population.

This report presents a new approach to procuring expertise for refurbishing, designing and building key capital projects in Southwark, bringing forward two new consultant frameworks for making our housing estates and neighbourhoods a place our resident can call home.

It also provides an evaluation framework for ensuring that our procurement of architects for new homes and other regeneration projects, while delivering best value to the council, meets our ambition to position Southwark as a progressive design client that leads the way producing new homes that are properly durable, manageable and beautiful for residents and for passers-by. The frameworks are established to ensure

that Southwark continues to attract the best architects and professional services for new housing and regeneration projects while allowing for a greater diversity of consultants to give their best work for Southwark.

RECOMMENDATIONS

Recommendation for the Cabinet

1. That the cabinet approves the procurement strategy outlined in this report for two frameworks:
 - A professional technical services framework consisting of 10 lots, as further detailed in paragraph 28, at a total estimated annual cost of £33m, for a period of 4 years from 1 May 2019, making a total estimated contract value of £132m; and
 - An architect framework consisting of 6 lots, as further detailed in paragraph 28, at a total estimated annual cost of £10m, for a period of 4 years from 1 May 2019, making a total estimated contract value of £40m.

Recommendations for the Leader of the Council

2. That the leader of the council delegates authority to cabinet member for housing management and modernisation, for the reasons outlined in paragraph 14, to:
 - Award and enter into the professional technical services framework agreement consisting of 10 lots which will include direct awards and mini competition as noted in paragraph 32.
 - Award and enter into overarching agreement with all providers on the professional technical services framework agreement to cover management and governance provisions and the delivery of soft benefits.
3. That the leader of the council delegates authority to the cabinet member for social regeneration, great estates and new homes for the reasons outlined in paragraph 14, to:
 - Award and enter into the architect framework agreement consisting of 6 Lots which will include direct awards and mini competition as noted in paragraph 32.
 - Award and enter into overarching agreement with all providers on the architect framework agreement to cover management and governance provisions and the delivery of soft benefits.
4. Note that any new homes projects delivered through either the professional technical services or architects frameworks will be approved by the cabinet member for social regeneration, great estates and new homes.

BACKGROUND INFORMATION

5. Professional technical services typically comprise the following:
 - Project management including contract administration/ employer's agent

- surveying
- mechanical and electrical engineering
- clerk of works
- surveys
- quantity surveying/ cost consultants
- structural engineering and
- multi-disciplinary consultants
- architects specialising in sectors such as education, housing, social care and regeneration.

6. The council has a substantial demand for all of these services across a number of different divisions – the key ones being:

Division	Approximate Annual Spend
Housing and Modernisation (Housing)	£25m
Regeneration	£16m
Others	£2m
Total Annual Spend:	£43m

7. This produces an estimated total spend for the council across all key departments of £172m over 4 years.
8. On 18 July 2017 a Gateway 0 report was approved by cabinet approving the strategic options assessment for professional technical services which recommended the following:
- i. A framework consisting of multi-disciplinary and individual lots for specialists using an EU competitive procedure with negotiation (CPN);
 - ii. A prior information notice (PIN) to inform the market of the council's intention to procure; and
 - iii. Issuing leaseholders with notice of intentions (NOI).
9. At the cabinet meeting it was suggested that the council explore the possibility of opening up this procurement to all other public bodies within the London area. As a result of this, the council engaged with all London boroughs and a number of other bodies (i.e. Fire Brigade service) to understand their requirements and interest in using this framework, the outcome of which is detailed in paragraphs 22 to 24.
10. However, for reasons detailed in paragraphs 23 to 24 the intention is to proceed with a Southwark council only procurement.
11. **HOUSING:** Currently have two contracts in place providing multidisciplinary professional technical services with Calfordseaden LLP (CS) and Potter Raper Partnership (PRP) which commenced on 1 November 2013 for an initial term of 4 years with the option to extend up to a further 6 years at the council's discretion. As the current contracts initial term of 4 years expired on 31 October 2017, a Gateway 3 report was approved on 10 November 2017 to extend the terms of both contracts for 18 months giving a revised completion date of 30

April 2019 to ensure continuity of service whilst a framework is procured for new services.

12. **REGENERATION:** Currently has no formal long term contracts for professional technical services or architect services specifically for their department; but instead engages consultants with competitive tendering on a demand led basis using suppliers from either the council's approved list of contractors or external frameworks such as PAGABO and GLA frameworks.
13. The proposed frameworks will each be for duration of 4 years with no option to extend.
14. It is recommended that the Leader delegate authority for the Gateway 2 for the award of both frameworks to the relevant Cabinet Members as Housing is working to extremely tight timescales as their current contracts expires on 30 April 2019 and there may be TUPE requirements which will need to be undertaken prior to then which could take up to an additional three months.

Summary of the business case/justification for the procurement

15. The Housing and Regeneration divisions both have a number of key deliverables to be actioned over the next 10 years.
16. Both Housing and Regeneration are responsible for delivering 11,000 new council homes by 2043.
17. The "Southwark Housing Strategy to 2043" is a complex programme encompassing the following:
 - I. New build housing stock.
 - II. Refurbishment of existing housing stock, and
 - III. Build on top and extensions to existing housing stock.
18. There is a wide range of statutory regulations that must be met when providing professional technical services to ensure the council is compliant with current legislation. This requires specialist knowledge in each of the professional technical services disciplines.
19. Regeneration is also working on schemes for children services and adults to improve the quality of provision.

Market considerations

20. There are significant numbers of large, medium and small consultants which can provide the various service disciplines.
21. The council intend to publish two PINs on 15 June 2018 informing the market of the design of the procurement and contract and allows suppliers to obtain further information about the procurement. This is likely to be followed up with an Open Day for interested bidders in July 2018.
22. As noted in paragraph 9 the council was asked to consider a pan London framework. In order to check the interest of other London boroughs a briefing day was held on 18 October 2017 in order to better inform options for the framework's structure and access payment arrangements. The briefing day was

attended by eight other public bodies, including Lambeth, Wandsworth and Bromley councils. The following topics were discussed:

- Usage of lots
- Access payment structure preference
- Ongoing support services.

23. When establishing a framework for use by others, it is usual for the lead organisation to require an access fee and to levy a percentage charge for each call off value (usually ranging between 1-5%), to cover management costs for operating the framework on behalf of others and to recoup its procurement costs. However from the briefing day, it was evident that the public bodies did not want to pay an access fee for the framework. Another concern (for the council and other parties using the framework) is that the percentage fee levied for each call off contract could result in artificially inflated tenders (for consultants to cover these costs) and therefore potentially higher costs for leaseholders.
24. The London boroughs in attendance also showed little interest in ongoing support services although they did say that other boroughs or public bodies may not have the same view. For these reasons the council is proposing to proceed with two Southwark council only frameworks.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

25. The nature and value of these services means that the full tendering requirements of the Public Contract Regulations 2015 and Public Sector Directive 2014/24/EU would apply.
26. The Gateway 0 report approved on 18 July 2017 detailed the options available to the council that both Housing and Regeneration considered:
- A. Do nothing – This is not an option as it would make it extremely difficult for both departments to meet their requirement of delivering 11,000 new council homes across Southwark by 2043. In addition to this it would make it extremely difficult for Housing to deliver on its commitments in the “Southwark Housing Strategy to 2043” strategic report and Regeneration commitment to provide school and improvement to Adult Social Care. There is also a requirement to carry out master planning urban design for development of the Old Kent Road and this framework will be provide access to professional services who have been selected competitively through the framework.
- B. In-Source – consideration was given to creating its own in-house professional technical services permanent team. However, at this time, this is not a viable option as past experience has demonstrated that when previous in-house teams were in place they were unable to provide the flexibility to meet changing demands as a result of fluctuations in programmes. Consideration for an in-house team could be developed for new build social homes after establishing a delivery model that provides a transparent and accurate business case. This report allows the procurement and implementation of contracts to deliver new homes whilst officers explore in-sourcing a dedicated team and new delivery models.

C. External Procurement

- i. Use existing external frameworks - there are external frameworks available to use (i.e. Crown Commercial Services Project Management & Full Design Team Services, the GLA frameworks for professional services, SCAPE and PAGABO). Although each framework will have been competitively tendered in line with EU Regulations most frameworks usually have the same or very similar consultants on them. Using a framework would therefore mean that the council would be seeking tenders from a more limited number of consultants and it would also be restricting access to small and medium size consultants which usually struggle to access existing external frameworks. For these reasons, at present this is not a viable option.
- ii. Undertake an EU procurement to invite the market to tender for these services and explore opportunities for SME's and other soft benefits. There are a number of procurement routes which can be undertaken the two methods discussed in the Gateway 0 report were:
 - The restricted procedure – this is a common procurement route to use. This procedure is, however, primarily suitable if the council is able to clearly define its required output as only 'clarifications' are allowed.
 - A competitive procedure with negotiation (CPN) – this allows the council to:
 - reserve the right to evaluate and award a contract based on initial tenders (as if it was a restricted procedure); or
 - have negotiations with shortlisted bidders to clarify aspects of the initial tender prior to submitting a final tender.

When running EU procurement procedure the council has two main options:

- Award individual contracts for each service/lot. However this could become too restrictive and would limit small medium enterprise (SME) consultants from applying and therefore considered not a viable option.
- Procure a framework providing a suite of multi-disciplinary and individual lots for specialists

- D. Shared Services – this option was explored but combining services with other organisations would add difficulties in contract management and varying service demands and therefore considered not a viable option.

Proposed procurement route

27. Whilst the Gateway 0 report referred to the development of one framework using a CPN route, officers have undertaken further research and are now recommending use of the restricted procedure to procure two frameworks for the multi-disciplinary technical professional services requirements each with duration of four years with no option to extend.
28. The recommendation to split the council's requirements across two as opposed to one framework is now being proposed as there is a clear division behind the requirements in that Regeneration require the majority of architectural services and Housing have the largest demand for the other professional technical services. In addition to this Housing needs to have a framework for its

requirements in place by 1 May 2019, therefore dividing the council's requirements across two frameworks should create two more manageable projects and enable Housing to prioritise the evaluation and delivery of the professional technical services framework in order to meet its project plans.

29. The following frameworks are now recommended:

- One framework for Professional Technical Services consisting of the following 10 Lots which will generally be led by Housing but will also be accessible by other council departments including Regeneration; and

Lot No.	Lot Description	Approximate Lot Value (£)	Housing	Regen	Other
1	Project Management which includes contracts administration and Employer's Agent	£39m	£25m	£12m	£2m
2	Civil and Structural Engineer	£6m	£4m		£2m
3	Mechanical and Electrical Engineer	£3m	£0m	£1.5m	£1.5m
4	Mechanical Engineer	£8m	£8m		
5	Electrical Engineer	£5m	£5m		
6	Building Surveyor	£11m	£7m	£3m	£1m
7	Quantity Surveyor / Cost Consultancy	£16m	£8m	£5m	£3m
8	Clerk of Works	£6m	£4m	£2m	
9	Multidisciplinary Consultants	£22m	£22m		
10	Architects for New Build Social Housing*	£16m	£16m		
	Totals	£132m	£99m	£23.5m	£9.5m

- * Lot 10, Architects for New Build Social Housing, is tasked with delivering 11,000 new homes and will require new innovative, unorthodox ways to deliver this target.
- One framework for Architects which is likely to consist of the following Lots which will be led by Regeneration but will also be accessible by other council departments including Housing:

Lot No.	Lot Description	Approximate Lot Value (£)
1	Architects for Nursery, Primary, Secondary and Special Needs Schools	£16m
2	Architects for Further and Higher Education	£3.5m
3	Architects for Master Planning, Urban Design and Public Realm	£12m
4	Architects for Social Care	£2.5m
5	Architects for Conservation / Heritage	£2m
6	Architects for Commercial/Depot	£4m
	Totals	£40m

30. By developing its own frameworks, the council can create its own bespoke requirements and be as generic or as specific as it desires and enable it to award contracts in line with each department's individual requirements i.e. it could have an option of direct award or mini-competition for all or some lots.
31. Splitting each framework up into smaller lots enables the council to achieve the required level of flexibility and responsiveness to suit each department needs and enable the project manager to obtain best value by either going to a 'one-stop' shop or assembling a "fit for purpose" professional technical services team. In addition to this the largest valued lots may also be tiered by value, which will provide SME's with an increased opportunity to participate.
32. Both frameworks will allow for mini-competition and direct awards for each project the circumstances for which will be outlined in more detail in the tender documents and subsequent Gateway 2 reports. Mini competitions can also allow new or unorthodox methods for carrying out refurbishment, design or building work. It can also allow for quality outcome led evaluations to capture the full life cycle cost of the buildings.
33. Although it had been considered at an earlier stage that a competitive procedure with negotiation was more appropriate it has become clear that a restricted (two stage) procedure is more suitable as it will enable the council to undertake a faster procurement process.
34. In line with these recommendations it is proposed that the council publish two OJEU notices for these tenders - one for the Professional Technical Services Framework and one for the Architects Framework. These procurements will be carried out in accordance with an EU restricted procedure via the council's e-procurement portal, Procontract3. Organisations who formally express an interest in tendering for either of these frameworks via ProContract3 in response to the portal advert and OJEU notices will need to complete a standard selection questionnaire (SQ) and confirm which Lots they would like to bid for. In order to attain the best outcome from these procurement exercises and explore different approaches with bidders, it is intended to allow bidders to bid for more than one Lot within a framework, the maximum number for which they are allowed to bid for will be included in the SQ and tender documents.

35. The SQ will be a standard document which bidders will only need to complete once for each Framework irrespective of the number of Lots they wish to bid for in each Framework. However, for some Lots there will be a requirement to respond to some additional Lot specific questions in the final section of the SQ.
36. The SQs for each Framework will be evaluated based on agreed criteria and each division will shortlist the bidders against each Lot as detailed in paragraph 52 of this report. Bidders will then be notified as to whether they have or have not been successful and an invitation to tender (ITT) will be issued to each successful bidder for their relevant Lot(s).
37. At the ITT stage the shortlisted bidders will be required to make a full tender submission. If required, the council may conduct a series of clarifications following which a final score for each tenderer shall be obtained. The most economically advantageous tender(s) for each lot will be recommended for a place on the framework in line with paragraph 52.
38. As aforementioned in order to manage internal resources effectively Housing will be the lead department evaluating Professional Technical Services framework and Regeneration will be the lead department evaluating the Architects framework. In order to ensure that the lots are evaluated and approved in a timely fashion it is proposed that two Gateway 2 reports will be developed – one for each framework.

Identified risks for the procurement

39. The following risks have been identified for this project:

R/N	Risk Identified	Risk Rating	Mitigation
R1	Challenges to procurement outcome	Low	Ensure robust procurement in line with EU procurement regulations.
R2	The procurement process is delayed	Low	Effective procurement project management. Requirements have been divided across two frameworks and different Lots have been assigned to various departments to ensure adequate resources are available to evaluate tenders.
R3	The consultants fail to deliver service	Low	The council shall test the quality submissions of each consultant to ensure they can provide the services. The framework will have multiple providers against each lot so if one or even two consultants fail to deliver there will be alternative providers available.
R4	Risk of challenge by leaseholders.	Low	Notice of intentions has been issued and all queries responded to. At Notice Of Proposal stage leaseholders queries will be responded to.

R/N	Risk Identified	Risk Rating	Mitigation
R5	Consultants become insolvent go into administration or liquidation.	Low	Appropriate financial checks will be undertaken throughout the procurement process. The framework will consist of a number of consultants who can provide cover.

40. A performance bond will not be required for the individual call off contracts to either framework. The contract documentation will include for retention of monies in respects of consultant fees to be withheld until satisfactory completion for each call off contract. An ultimate holding/parent company guarantee will be required for all call-off orders if the successful consultant(s) has a parent company.
41. Each call off contract will contain a break clause to terminate the call-off contract at will with no consideration of any loss or expense at any time.

Key /Non Key decisions

42. This report deals with a key decision.

Policy Implications

43. This report relates to the delivery of council targets contained in the “Southwark Housing Strategy to 2043”.
44. The delivery of the framework fits with the council’s objectives as outlined in the fairer future promises, specifically:

Promise 1: Value for Money
 Promise 5: Nurseries and Childcare
 Promise 6: A Greener Borough
 Promise 9: Revitalised Neighbourhoods

Procurement Project Plan (Key Decisions)

45. The table below sets out the timescales for the Professional Technical Services framework which will meet the required start date on 1 May 2019. It is the intention that Architects framework will follow these timescales. However this is subject to the number of expressions of interest received and resources available.

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	12/07/2017
DCRB Review Gateway 1	30/04/2018
Brief Housing cabinet member (over £100k) Housing	30/04/2018
Chief Executive’s DCRB Review Gateway 1	03/05/2018
CCRB Review Gateway 1	10/05/2018

Activity	Complete by:
Brief Chief Executive's member (over £100k) Regeneration	14/05/2018
Notification of forthcoming decision - Cabinet	04/06/2018
Publish PIN Notice	15/06/2018
Approval of Gateway 1: Procurement strategy report	26/06/2018
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	06/07/2018
Issue Notice of Intention (Applies to Housing Section 20 Leaseholder consultation only)	16/08/2017
Completion of tender documentation	19/06/2018
Publication of OJEU Notice	06/07/2018
Publication of Opportunity on Contracts Finder	12/07/2018
Hold bidders day	13/07/2018
Closing date for receipt of expressions of interest	13/08/2018
Completion of short-listing of applicants	18/09/2018
Invitation to tender	21/09/2018
Closing date for return of tenders	05/11/2018
Completion of evaluation of tenders	21/12/2018
Issue Notice of Proposal (Applies to Housing Section 20 Leaseholder consultation only) (NOP completed)	18/02/2019
Forward Plan (if Strategic Procurement) Gateway 2	14/05/2018
DCRB Review Gateway 2: (special)	11/02/2019
CCRB Review Gateway 2	14/02/2019
Notification of forthcoming decision	04/03/2019
Approval of Gateway 2: Contract Award Report	12/03/2019
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	22/03/2019
Debrief Notice and Standstill Period (if applicable)	25/03/2019
Contract award	27/03/2019
Place award notice in Official Journal of European (OJEU)	03/04/2019
Place award notice on Contracts Finder	03/04/2019
Add to Contract Register	03/04/2019
TUPE Consultation period (if applicable)	30/04/2019
Mobilisation	30/04/2019
Contract start	01/05/2019
Initial contract completion date	30/04/2023

Activity	Complete by:
Contract completion date – (if extension(s) exercised)	N/A

TUPE/Pensions implications

46. The incumbent consultants have confirmed that none of their staff are permanently assigned to their current contracts with the council and are therefore not within scope to transfer under TUPE. It is therefore unlikely that TUPE will apply to an initial call-off of a contract from the frameworks for the same services; however, it is how their workforce is organised at the point of the commencement of services on a call-off from the frameworks which will be determinative. Further confirmation of the position will therefore be sought prior to any initial call-off. During the term of the frameworks TUPE may apply on a successor call-off contract from the frameworks where (a) the contract is not of short term duration and (b) an incumbent supplier has in place an organised groupings of employees whose principal purpose is the carrying out of the activities which are the subject of that call-off contract. TUPE will therefore need to be considered and due diligence carried out as appropriate on the occasion of each call-off contract. The risk of TUPE applying to any of the Council's employees undertaking similar activities should be low given that their activities will not form part of any call-off contract.

Development of the tender documentation

47. A project board will be set up for each framework and will approve the final tender packs. Both teams with assistance from its external advisors will be responsible for developing the tender documentation for Professional Technical Services and Architect frameworks.
48. Workshops will be held with internal stakeholders to ensure that the scope and specifications are fully captured ready for the procurement.
49. The SQ will be based upon the government's Standard SQ with some additional sections included from the PAS91 Pre-qualification Questionnaire and the Invitation to Tender (ITT) documentation will be based on a set of Employers Requirements after consultation with the delivery teams.
50. Specifications have been developed based on the council's bespoke requirements. Policy related requirements will be referenced using relevant appendices, links and insertions.

Advertising the contract

51. The contracts will be advertised by way of two official notices that will be published in the official Journal of the European Union (OJEU). After publication of the OJEU notices, the council will also publish contract notices on the Contracts Finder website. In addition to this it will also hold a Bidders Day in early July and contact all relevant people who have previously expressed an interest in either of these tenders.

Evaluation

52. The SQs returned will be evaluated by officers from the Housing and Regeneration divisions. The selection process will be an evaluation of each bidder's economic and financial standing and their technical knowledge, accreditation, experience and ability and capacity to deliver the service. It is intended to shortlist the bidders against each Lot in accordance with the following tables but final numbers will be confirmed, by the project boards, prior to OJEU notices being published.

Professional technical services framework

Lot No	Lot Description	No. of Tenderers shortlisted at SQ to progress to ITT	No. of Tenderers awarded contract
1	Project Management which includes contracts administration and Employer's Agent	12	8
2	Civil and Structural Engineer	6	4
3	Mechanical and Electrical Engineer	5	3
4	Mechanical Engineer	6	4
5	Electrical Engineer	6	4
6	Building Surveyors	12	8
7	Quantity Surveyor/Cost Consultancy	12	8
8	Clerk of Works	6	4
9	Multidisciplinary Consultants	8	5
10	Architects for New Build Social Housing	18	12

Architects framework

Lot No.	Lot Description	No. of Tenderers shortlisted to progress to Final ITT	No. of Tenderers awarded contract
1	Architects for Nursery, Primary, Secondary and Special Needs Schools	16	12
2	Architects for Further and Higher Education	8	5
3	Architects for Master Planning, Urban Design and Public Realm	12	8
4	Architects for Social Care	6	3
5	Architects for Conservation / Heritage	6	3
6	Architects for Commercial/Depot	6	3

53. Each Framework ITT will be evaluated by two evaluation panels, one reviewing price and the other quality.
54. It should be noted that for each framework consultants are able to bid for one or more Lots; the maximum number for which they are allowed to bid for and be awarded will be included in the SQ and tender documents. As each Lot will be assessed on a stand alone basis this could result in one bidder being awarded multiple Lots if they offer the most economically advantageous tender for those Lots.
55. The following paragraphs provide an overview of the evaluation methodology for both frameworks:

Professional technical services framework

56. The council's standard evaluation criteria are based on 70:30 price/ quality split. This achieves a balance between cost and the quality of service delivery. However, for Professional Technical Services Framework the cornerstones of a successful service are service delivery and accountability. The driver is therefore much more focused on quality outcomes rather than just price. It is therefore recommended that the council employ an evaluation criterion of 60:40 price/quality split. However, for Lot 10 a, an evaluation criterion of 60:40 price quality will applied.
57. This sends a clear message to the market that the council expects a high-quality service and not simply the cheapest one. The risk of the council having to pay more for the service is mitigated by the fact that this market is currently extremely competitive. Given the value of this framework, the market is expected to price tenders very keenly so even with the emphasis on quality, the council still expects to achieve value for money.
58. Price evaluation for the professional technical services framework will be undertaken by the housing division's asset management team and reviewed by finance. It is proposed to use a price model that ensures lowest un-economical bids do not receive the highest scores. To achieve this the 60% awarded for price will be split into two distinct sections as follows:
 - a. Lowest price, which is likely to account for 35%, where the Tenderer with the lowest price is awarded the maximum percent and all other Tenders are scored proportionally to the lowest price.
 - b. Mean average price tenders, which is likely to account for 25%, where the Tenderer with their score closest to the mean average value of all compliant tenders will be awarded 25% with all other tenders scored proportionally to the mean average price.
59. The quality response (40%) for each lot is expected to include two scenarios the tenderer must respond to in order to assess the following areas:
 - c. Mobilisation and quality of resources available
 - d. service delivery including design
 - e. accountability life cycle costing and
 - f. social value considerations.

60. For Lot 10, Architects for new build social housing, the evaluation criterion will be the same as the Architects framework detailed below.
61. Each question will be scored from 0 – 5 as detailed in the following Table, however this may be adapted for the individual work streams and/or specific questions. Once each question is scored the appropriate weighting will be awarded to each score.

Assessment	Score	Basis of score
Cannot be scored	0 points	No information provided or incapable of being taken forward either because the Supplier does not demonstrate an understanding of our requirements or because the solution is incapable of meeting our requirements.
Unsatisfactory	1 point	Although the Supplier does demonstrate an understanding of our requirements there are some major risks or omissions in relation to the proposed solution to deliver the service and we would not be confident of our requirements being met.
Satisfactory	2 points	A response which is capable of meeting our requirements but is unlikely to go beyond this.
Good	3 points	A response which shows that the Supplier demonstrates an understanding of our requirements has a credible methodology to deliver the service and could evolve into additional benefits.
Very good	4 points	A response which shows that the Supplier demonstrates an understanding of our requirements, and has a credible methodology to deliver the service alongside a clear process and plan to deliver additional benefits and deliver value.
Excellent	5 points	A response which shows how the service can comprehensively be taken to the next level in terms of exceeding our requirements and/or offering significant added value to the Council's overall strategic requirements and objectives.

62. Tenderers will be required to provide information to support their quality submission that demonstrates their ability to fulfil the requirements that were outlined in the Employers Requirements.

Architects framework

63. The Architects framework is likely to have an evaluation criterion of 60:40 quality/price. This is not unusual for such design disciplines as it is vital that Southwark attract and attain architects which are able to deliver high quality designs.
64. The quality response (60%) for each lot is expected to include a number of scenarios the tenderer must respond to in order to assess the following areas:
- a. Design;
 - b. Mobilisation and quality of resources available;
 - c. Service delivery including design;
 - d. Accountability and life cycle costing; and
 - e. Social value considerations.
65. Each question will be scored from 0 – 5 as detailed in Table in paragraph 58, however this may be adapted for the individual work streams and/or specific

questions. Once each question is scored the appropriate weighting will be awarded to each score.

66. Tenderers will be required to provide information to support their quality submission that demonstrates their ability to fulfil the requirements that were outlined in the Employers Requirements.
67. Price evaluation (40%) for the Architects Framework will be undertaken by the Regeneration team and reviewed by finance. Due to this emphasis on quality the council is intending to award the Tenderer with the lowest price the maximum percent with all other Tenders are scored proportionally to the lowest price.

Both frameworks

68. The council is likely to reserve the right to include minimum threshold criteria for some quality and financial implications.
69. The council may decide to hold some clarification meetings prior to finalising the tenderers' price and quality scores which shall then undergo consensus scoring before being added together to produce a final score.
70. Tenderers with the highest combined finance and quality score will then be ranked and used to select a final list of consultants for the individual lots (as detailed in the tables contained in paragraph 52).
71. The individual lots will have a number of consultants to ensure the council does not overload any one particular supplier and provide enough options/support in case a supplier is removed for poor performance.
72. Both frameworks are likely to have the facility to directly award to a call off contract to the highest scoring supplier to reduce project timescales as well as the opportunity to run mini competitions, information on the confirmed award procedures will be detailed in the tender documents. Further information on this which will be outlined in the tender documents.

Community impact statement

73. The professional technical services which form part of this framework will support the council's commitment to providing quality affordable housing.
74. The professional technical services that form part of this framework are intended to provide a range of public services of benefit to the local community and support the council's commitment to providing high quality educational and mixed use developments. One of the main objectives of the services will be to ensure the quality of design and innovation whilst minimising the impact on the whole community regardless of age, disability, faith/religion, gender, race, ethnicity and sexual orientation.
75. In addition to this for Housing the Professional Technical Services framework will be of a medium impact to tenants, homeowners and other stakeholders as these services will provide design, specification and management of the council's housing stock.

Social value considerations

76. 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 details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

77. As the council explores ways it can continue to deliver value for money, it is essential that it make even better use of its resources to meet the needs of residents and businesses in the borough. Under promise 8 Education, employment and training of the Fairer Future Promises, the council has made a commitment to create 2,000 new apprenticeships by 2018. This programme will seek developers to employ at least one apprentice for every £1m spent.
78. Suppliers will be evaluated at tender stage on how they intend to attract and support more women and BME residents into these opportunities who are underrepresented in the professional technical services industry.

Social considerations

79. The council can exclude companies who break the law by blacklisting if they are either still blacklisting or have not put into place genuine actions concerning past blacklisting 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 personnel 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.

80. The council will include a request for the necessary information from tenderers (using the council's standard documentation in relation to blacklisting). The council's contract conditions will include 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.
81. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, development partners 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 consultants on these frameworks will result in quality improvements for the council. These should include a high 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. The successful consultants will be expected to meet the LLW requirements and call-off contract conditions requiring the payment of LLW will be included in the tender documents. As part of the tender process, bidders

will also be 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 call-off contract review process.

Environmental/sustainability considerations

82. The contract documents will include specifications to ensure that designs incorporate the following:
- i. Low energy use building designs;
 - ii. materials from sustainable sources;
 - iii. use of high efficiency building services; and
 - iv. use of renewable energies.
83. The use of the council's e-procurement system Pro-contract 3 will limit the amount of paper used.

Plans for the monitoring and management of the contract

84. The frameworks will be managed by officers from Regeneration and Housing. KPI's will be used to measure the consultant's performance and each project will have a formal review which will be recorded for audit purposes.
85. Each council project manager will be responsible for recording performance of the consultant that has been issued an order under each framework. The financial spend of each supplier will also be recorded to ensure:
- That no consultant is overburdened with projects
 - all consultant get an equal opportunity to submit tenders as part of the mini-competition rules
 - a detailed record of expenditure is maintained for each framework and lots to ensure compliance with contract standing orders (CSO's).
86. Where performance issues are identified, the council will suspend a consultant until it is confident that the service can be delivered. Each lot will have a number of consultants on it to help mitigate against this risk.
87. Officers will also produce six monthly and annual performance reviews in line with the council's contract standing orders.

Staffing/procurement implications

88. In order to provide comprehensive tender documents for this procurement the council has employed a legal team to advise on contract and tender documents and a consultant to advise on the process and specification requirements for architects.
89. All other staffing for these procurements will be resourced internally by the housing and regeneration teams. The Head of each department will be responsible for ensuring that the programme is adequately resourced and coordinated to deliver its objectives and procured efficiently and effectively in accordance with best practice for major projects procurement.

Financial implications

90. As this is a report to recommend a procurement strategy, there are no financial implications arising directly from the report's recommendations. The estimated cost of the services of £160m over four years is indicative at this stage, with the actual costs being dependent upon both the value of works requiring professional technical services and the tenders for those services.
91. The frameworks are designed to support a programme of capital works across all council services, and the funding will, therefore, be provided by both the General Fund and Housing Investment programmes.

Investment implications

92. These frameworks directly enable the capital works described in the "Southwark housing strategy to 2043" as well as those set out in the 2017 Primary and Secondary School Place Planning Strategy Update.

Legal implications

93. Please see concurrent from the director of law and democracy.

Consultation

94. Consultation has been held across the council departments to establish the service requirements.
95. In order to check the interest of other London boroughs, as noted at paragraphs 9 and 10, a briefing day was held on 18 October 2017 in order to better inform options for the framework's structure and access payment arrangements.
96. The council intends to hold an Open Day with interested bidders in July 2018 to generate market interest.
97. The GW0 report approved issuing NOI's to all leaseholders. This was completed on 16 August 2017.

Other implications or issues

98. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M18/002)

99. The strategic director of finance and governance notes the recommendations made in this report to procure professional technical services and architect framework for the council. The costs of these services are estimated to be in the region of £172m over four years, with funding to be met from both the General Fund and Housing Investment capital programmes. At this stage, the estimated cost is indicative and there are no specific financial implications arising from this decision.

Head of Procurement

100. This report seeks the Cabinet's approval for the procurement strategy outlined in this report to undertake two EU procurements for a professional technical services framework consisting of 10 lots at a total estimated cost of £132m for a period of 4 years and an architect framework consisting of 6 lots at a total estimated cost of £28m for a period of 4 years.
101. The value of the frameworks for these services means that they are both subject to the tendering requirements of the Public Contract Regulations 2015 (PCR15) and the council's contract standing orders. The council's proposed strategy of undertaking two restricted procedures for the reasons detailed in paragraphs 27 to 33 will meet these requirements. This procurement route should maximise competition and ensure that the council achieves the best value for money.
102. Paragraphs 52 to 72 in this report detail the proposed evaluation methodology for each of the lots which will result in the council selecting a final list of consultants for the individual lots for each framework in line with the tables in paragraph 52.
103. Southwark Council's procurement officers will be advising on the tender documents to be used to ensure that all relevant statutory questions are included and due diligence to ensure the successful supplier is financially stable.

Director of Law and Democracy

104. This report seeks the cabinet's approval to the procurement strategy for the professional technical and architect services by establishment of two 4 year frameworks for these services. At an estimated value exceeding £4m, this is a strategic procurement under contract standing orders and approval is therefore reserved to the cabinet.
105. The nature and value of these services means that these procurements are subject to the full tendering requirements of the Public Contract Regulations 2015 (EU regulations). As noted in paragraph 34, two frameworks will be established following a restricted procedure in accordance with those EU regulations of this report and will be advertised through OJEU. Officers in the contracts team in legal services will work with the project team to ensure that the frameworks are established in accordance with the EU regulations.
106. The cabinet's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, and when making decisions to have regard to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to (a). The cabinet is specifically referred to the community impact statement at paragraphs 73-75 setting out the consideration that has been given to equalities issues which should be considered when agreeing this procurement strategy and at each stage of the process.

107. The cabinet is also referred to paragraphs 92 and 93 which set out the consultation that has taken place. The cabinet should take into account the outcome of the consultation when approving this procurement strategy.

Director of Exchequer

108. These contracts are Qualifying Long Term Agreements under the terms of the Commonhold and Leasehold Reform Act 2002. They are subject to consultation under section 20 of the Landlord and Tenant Act 1985 as amended, and Notice of Intention was served on all leaseholders in the borough on 16th August 2017 under schedule 2 of the regulations.

109. When tenders have been received it will be necessary to serve notice of proposal to all leaseholders in the borough and the contract should not be let until the consultation period has ended and all observations given due regard.

110. Where work is placed with the directly appointed provider for the area, no further consultation is required. Work that is to be placed within the framework under competitive quotes, and which is expected to last more than a 12 month period and to cost individual leaseholders more that £100 in service charges per year, falls outside of the schedule 2 consultation and will be subject to consultation under schedule 1 of the regulations. Under these circumstances it will be necessary initially to serve a Notice of Intention which will require, amongst other things that leaseholders are offered the opportunity to put forward their own nominated provider to be invited to tender for that work. This nominated provider is not restricted to those included on the framework. Further Notice of Proposal will then be required after tenders are received and before they are accepted.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Gateway 0 report Professional Technical Services	Housing and Modernisation Floor 3 Hub 4, 160 Tooley St	Gavin Duncumb Tel: 020 7525 0685
Link: (copy and paste into browser) http://moderngov.southwark.gov.uk/documents/s69810/Report%20Gateway%200%20Strategic%20Options%20Assessment%20for%20Service%20Provision%20of%20Professional%20Technical%20Serv.pdf		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Members	Councillor Stephanie Cryan, Housing Management and Modernisation and Councillor Leo Pollak, Social Regeneration, Great Estates and New Homes	
Lead Officer	Dave Markham, Director of Asset Management	
Report Author	Gavin Duncumb, Commercial Manager	
Version	Final	
Dated	13 June 2018	
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	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	13 June 2018	