

Item No. 14.	Classification: Open	Date: 12 March 2019	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Main Contractor Procurement: Cator Street 2	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	

FOREWORD – COUNCILLOR LEO POLLAK, CABINET MEMBER FOR SOCIAL REGENERATION, GREAT ESTATES AND NEW COUNCIL HOMES

Southwark Council is committed to building the highest quality new homes for all residents of all ages and stages of life, as part of our ambitious commitment to build 11,000 new council homes by 2043 (including an additional 1000 by 2022).

This report sets out the procurement route for delivering 50 new extra care council homes at Cator Street in Peckham, for residents with early onset dementia, together with a new day centre and community information hub completing the development around Tayo Situ House around a new communal courtyard. Works will be due to start early 2020 and completed by the summer 2021.

These developments are in keeping with our vision for adult care, which is to make sure that adults with eligible support needs have access to services which maximise independence and choice, and enable them to live healthy, safe and fulfilling lives in their community.

We know that a key element affecting the quality of life for someone with dementia is the place in which they live. We also understand that the most common choice for the majority of people with dementia is to remain in their own home with support. This is why we are developing these new properties within the Cator Street estate, where we will house a hub for older people or anyone needing adult care. This will help guard against loneliness, isolation and other aspects associated with early onset dementia.

In line with all other procurement on new council homes this report sets out that the successful appointee will have to sign up the Considerate Constructors Scheme, pay at least the London Living Wage to all contract and sub-contracted trades workers, employ local apprentices, and to not take part in union blacklisting.

RECOMMENDATIONS

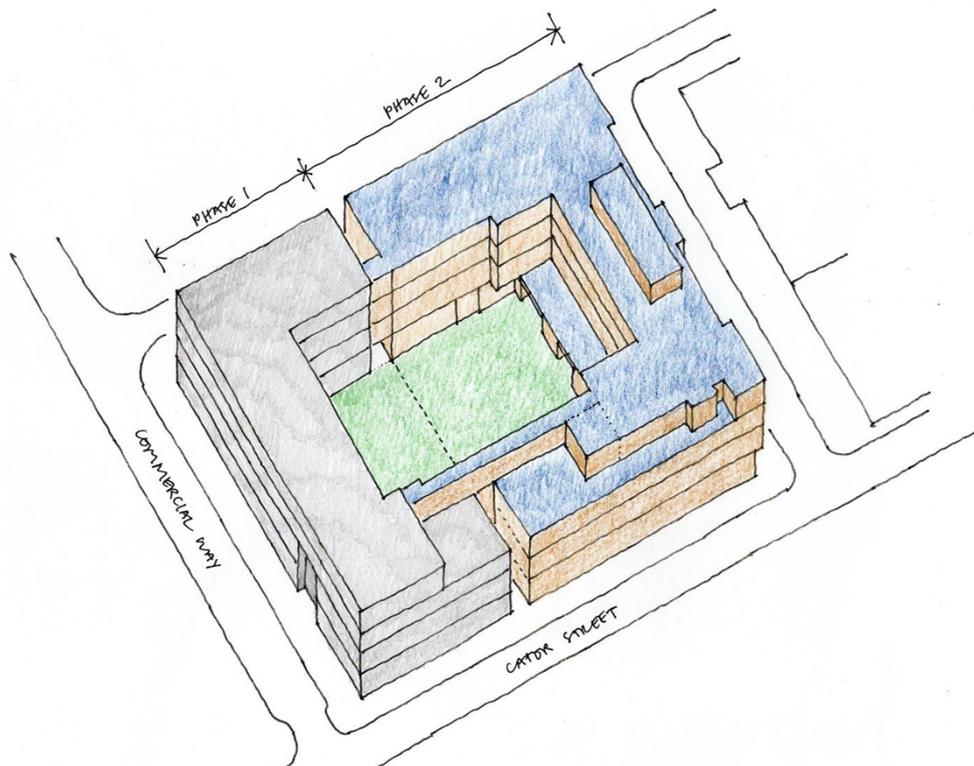
That Cabinet:

1. Approves the procurement strategy outlined in this report for a two stage design and build contract for the construction of Cator Street 2, comprising of extra care (flexi-care) housing, a day centre and community information hub at an estimated contract value of £19.8m for an anticipated period of 22 months commencing in November 2019.

2. Notes that the award of the Pre-Construction Services Agreement (PCSA), for an estimated £150k, will be approved as set out in paragraph 28 of this report by the relevant chief officer in accordance with contract standing orders and in consultation with the relevant cabinet member.
3. Approves the delegation of the award decision in the Gateway 2 report for the main works contract to the strategic director of housing and modernisation in consultation with the cabinet member for social regeneration, great estates and new council homes for the reasons noted in paragraph 31.

BACKGROUND INFORMATION

4. Cator Street 2 is a proposed second phase of development on the site of the former council learning resource facility on Cator Street. The first phase comprised a new 42-unit extra care facility, Tayo Situ House, procured under Phase 1B Lot 1 of the directly funded housing delivery programme. The same direct delivery programme was also to include a 'Centre of Excellence' (a day centre for people living with dementia and the frail elderly) to be accommodated within the existing learning and resources centre, but intrusive structural investigation of the existing building raised concerns over its longevity and suitability for adaptation. Consequently, the existing learning resource centre was declared surplus to requirements and demolished under the Cator Street extra care contract, leaving a cleared site for development.
5. The Cator Street 2 project is a proposed new build development on the cleared site which, following a site capacity study and informal town planning advice, seeks to provide not only a new day care centre but also approximately 50 further extra care council homes for residents with early onset dementia. It is proposed that Cator Street 2 will link with the recently completed Tayo Situ House (Cator Street Extra Care development), thus creating a larger number of units that will be more economical to manage. This report solely deals with the procurement approach for a works contractor for the Cator Street 2 development.



Outline Proposal for Phase 2 – adjacent to Tayo Situ House (Phase 1)

6. Following the completion of the Cator Street Extra Care works contract in February 2017, lessons learnt were reviewed and the project brief has been comprehensively reviewed in consultation with key stakeholders for both extra care and day centre facilities. These have been documented and signed off for application in the Cator Street 2 proposals described in this report and include:
 - a. Tighter governance arrangements and project management control through a Project Board comprising all key stakeholders
 - b. An agreed fire safety strategy from the outset
 - c. The production of a detailed design brief signed off by key stakeholders
 - d. Design sign-off at key stages
 - e. Careful attention to detailed specification requirements and
 - f. Improved inter-departmental co-ordination.
7. A cost plan for Cator Street 2 prepared by the consultant quantity surveyor for the first phase (Cator Street Extra Care), based on the capacity study and current market trends, indicates an estimated works value of £19.8m.
8. A professional services team has been appointed via the Pagabo Framework, following a separate Gateway process, and the designs for the new development are now progressing. The scheme is currently being developed to RIBA Stage 2 and planning permission will be sought following the formal planning pre-application process.
9. This report is seeking approval to invite companies to tender for the main works on a two stage design and build basis which will allow the contractor's design team and council appointed quantity surveyor to work through the PCSA period to finalise the design to RIBA Stage 4, following which a main contract award will be made subject to a separate Gateway 2 approval.

Summary of the business case/justification for the procurement

10. The council has an ambitious target to deliver 11,000 new council homes by 2043. These will be delivered through a combination of in-fill development on our existing estates, purchasing some directly from developers, and developing land that the council owns.
11. The delivery of the Cator Street 2 will maximise and enhance the utility, value and quality of council owned land and will deliver high quality homes with improved streetscapes and permeability. This scheme will provide circa 50 extra care council homes, together with a new day centre and community information hub, to provide additional signposting for residents with severe disabilities.

Market considerations

12. Attracting suitable contractors with appropriate extra care experience to design and build the project and obtain value for money is a key market consideration. Preliminary soft market testing suggests that there are a number of potential contractors, with relevant experience, whose services can be procured via a number of existing frameworks.

13. The construction industry appears to be quite buoyant at the moment, tender prices appear to be rising, and there is a high demand for construction services. Projects still attract a good amount of market interest, for example, on a recent procurement for construction services, 9 firms expressed an interest in the project at SQ stage, 5 were invited to tender and 3 subsequently provided a bid.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

14. As the value of this scheme is above the EU threshold for works it means that the full tendering requirements of the Public Contract Regulations 2015 and Public Sector Directive 2014/24/EU would apply. In choosing the preferred method of procurement, the following options have been considered:
15. **Do nothing** – this is not possible due to the council's commitment to deliver this project and the need to provide new council homes in the borough.
16. **Use an existing third party framework** – the frameworks relevant to this procurement are detailed below:
 - The Notting Hill Genesis (NHG) Framework – In 2017 Notting Hill Genesis set up four new development frameworks; one for contractors and three for consultants (CF1, CF2 and CF3). The frameworks commenced on 31 May 2017 and will run for 4 years. The contractor's framework consists of 23 contractors which can be selected directly or a selection invited to a mini-competition following an initial assessment of contractors' capability. A formal capability assessment is also able to be utilised as set out in the framework agreement. NHG are not charging a fee to authorised users to access this framework.
 - London Development Panel 2 (LDP2) – this is the new single lot framework developed by the Greater London Authority (GLA). It is a framework for residential-led developments to support the Mayor's ambition to accelerate housing development. This framework expires in August 2022. One of the panel services offered on this framework is 'construction of developments' and whilst there are a number of contractors listed, the framework is focused around developers as such there is a risk that the scheme could receive little interest through this framework
17. **OJEU procurement using the restricted procedure** – this route would allow the council to procure from the greatest number of contractors and could provide the means to secure a competitive tender from contractors who have the skills and capabilities to construct these housing schemes who are not on the established frameworks. However, due to the length of the process, this route would delay the commencement date for the works starting on site.
18. The council can tender either via a two stage tender process or traditional procurement route. A summary of the advantages and disadvantages of this have been outlined in the table below:

Contract / procurement type	Advantages	Disadvantages
Two stage design and build process	<ul style="list-style-type: none"> • Allows the council's client team to work with a contractor to finalise the design and value engineer the scheme • Provides better risk transfer to the contractor • Early contractor engagement allows the contractor to obtain current market prices for sub-contract packages • Enables the contractor to bring innovation and construction methods early into the design process 	<ul style="list-style-type: none"> • The council has less control over the design team • Design evaluation is subject to a separate consultant (i.e. Employers Agent)
Traditional process	<ul style="list-style-type: none"> • The council has more control over the design team as it is a direct appointment 	<ul style="list-style-type: none"> • Soft market testing has shown that it may not be beneficial to design the scheme beyond Stage 3 without contractor input as there are benefits in engaging a contractor at this stage of the design process. • As Contractors prefer early engagement, it could attract little interest if the designs are developed further.

Proposed procurement route

19. Taking the above into consideration, using a framework will be the fastest route for procurement as it enables the council to tender directly without having to go through a pre-selection stage using a Standard Questionnaire (SQ). In reviewing the frameworks listed above the Notting Hill Genesis framework appears to be the most appropriate framework for this procurement and offers a large number of contractors who are experienced in building new extra care homes, working on major construction projects in constrained inner London sites.
20. Preliminary discussions with the contractors on the framework are yet to be held, but it is anticipated that a number of them will be interested as all of them are actively targeting Southwark and many of them are known to have relevant experience in Extra Care. It is intended to undertake any further design work necessary and procure extensive surveys, to mitigate design and construction risk prior to tender. This process will enable the contractors to develop robust construction strategies and market test their subcontractor packages in advance of entering into a pre-contract services agreement, thereby producing the best value for money for the council.
21. The constructor's framework consists of 23 suppliers. The contractors which the council can access from within this framework are:

- a) Ardmore Construction Limited
- b) Buoygues
- c) Bugler Developments Limited
- d) Cablesheer Construction Limited
- e) Durkan Limited
- f) Galliford Try
- g) Glenman Corporation Limited
- h) Guildmore Limited
- i) Henry Construction Projects Limited
- j) Higgins Construction
- k) Hill Partnerships Limited
- l) Keepmoat Regeneration Limited
- m) Kier Construction Limited
- n) Kind & Co (Builders) Limited
- o) Lovell Partnerships Limited
- p) Mulalley & Company Limited
- q) Roof Limited
- r) Rydon Construction Limited
- s) Taylor French Developments Limited
- t) Thomas Sinden Limited
- u) United Living (South) Limited
- v) Wates Construction Limited
- w) Wilmott Partnership Homes Limited

- 22. All these contractors are of significant size and scale and, having undertaken an initial high level review of the 23 contractors, around half have experience of working on extra care housing projects in London.
- 23. As set out within the framework agreement, it is proposed a further assessment of the contractors' previous completed developments be undertaken to establish capability of delivering quality extra care housing in order to shortlist the number of contractors that are invited to tender. An assessment report, setting out the justification for shortlisting, will be prepared and reviewed by the project board in order to confirm a minimum of five contractors to be invited to tender for these works.
- 24. It is expected that contractors would be given the opportunity to appoint the design team as part of the tender process. Officers will evaluate the quality of the design team as part of the tender evaluation process.
- 25. The contract will be JCT 2016 Design Build contract which is supported by the NHG framework and will contain the council specific amendments; a Parent Company Guarantee will also be required from the main contractor.
- 26. To use the NHG framework, the council was required to enter into an access agreement with NHG, this has now been signed by both parties and full access to the framework is now confirmed.
- 27. A two stage tender process is proposed, where tenderers will submit costs for overheads and profits, preliminaries and costs for the main sub-contractor packages and estimated prices for the overall scheme based on benchmarked rates. They will also submit a fee for undertaking pre-construction services. The contractors will also be asked to provide a target cost for the second stage tender based on the key sub-

contractor prices and market rates. At this stage the council appointed quantity surveyor will ensure the costs reflect the current market rates and provide value for money. The NHG framework supports two stage tendering within the framework agreement.

28. Once assessed, the pre-construction services agreement will be awarded following approval of a Gateway 2 report as noted in paragraph 2.
29. The successful contractor would be required to undertake various tasks in relation to the design and planning of the construction works, including to:
 - Contribute to the design process itself.
 - Advise on buildability, sequencing, and construction risk.
 - Advise on the packaging of the works (and the risks of interfaces between packages).
 - Advise on the selection of specialist contractors.
 - Help develop the cost plan and construction programme.
 - Help develop the method of construction.
 - Obtain prices for work packages from sub-contractors or suppliers on an open book basis.
 - Prepare a site layout plan for the construction stage showing temporary facilities.
 - Draft the preliminaries for specialist and trade contractor bid documents.
 - Assist with any planning requirements on matters concerning the build phase, such as; waste disposal proposals, construction traffic movements, tree preservation protection etc.
 - Tendering all of the sub-contract packages to identify a contract price for the main works for the council's approval
30. Whilst it is usually the case that the second stage award will be made to the successful tenderer for the pre-construction services, it is not mandatory to do so and the council reserves the right to re-tender should the fixed price for the main works contract not be acceptable. If the council approves the main works price, approval to proceed with contract award will be sought through a second Gateway 2 report.
31. In order to expedite the process the council is seeking to attain delegated approval for the contract award (Gateway 2) for the main contractor works. This will enable a quick transition process from contract recommendation to award which is necessary for the council to meet its targets. If there was a requirement for a Gateway 2 to be presented to Cabinet for the main works contract, this may have a serious impact upon the delivery timescales.

Identified risks for the procurement

32. The key risks for the main works are as follows

Risk No.	Identified Risk	Likelihood	Risk Control
1.	Insufficient interest from providers on the framework in the tender which results in no bids.	Low	The council carried out soft market testing in September 2018 and this revealed that there is sufficient market interest and capacity. The council will also develop a procurement brief that is

Risk No.	Identified Risk	Likelihood	Risk Control
			sufficiently detailed and clear, so that providers can make an informed choice as to whether they wish to pursue this opportunity.
2.	Does not achieve competitiveness and value for money.	Low	The tender will be assessed on a Price and Quality basis. The two stage procurement process will ensure that the council is able to obtain construction price competition prior to entering into the second stage and a pre construction services agreement.
3.	Construction market inflation.	Medium	Cost manager and contractor to work together to mitigate and foresee construction market inflation risks. Council to ensure that they have an adequate project contingency in the design stage prior to commencing procurement.
4.	Lack of experience in delivering extra care housing / day care centre	Low	As set out in paragraphs 22, an initial assessment of the 23 contractors included on the framework has been undertaken; this indicates that around half of the contractors have the relevant experience. As mentioned in paragraph 23, a further in depth review of contractors' previous experience will be prepared and reported to project board this will set out the justification for shortlisting.
5.	Contractor becomes insolvent or no longer has the capacity to deliver scheme	Low	Robust financial assessments will be undertaken including independent financial and credit checks of businesses prior to award.
6.	Mobilisation/construction delayed due to unforeseen site issues	Low	Council to ensure that the internal and external resources are in place to deliver the project in a timely manner Site has been de-risked through extensive site investigations and entering in to Pre Contract Services Agreement (PCSA) to eliminate pre construction design and technical issues prior to start on site.

Key /Non-key decisions

33. This is a key decision.

Policy Implications

34. The brief for Cator Street 2 has been shaped by the promises and commitments made in the Council Plan, such as building more quality affordable homes of every

kind and revitalising our neighbourhoods making them places in which we can all be proud to live and work.

35. The development plan for the borough consists of the Mayor's London Plan, the Core Strategy 2011, the Saved Southwark Plan policies, the Aylesbury Area Action Plan, the Canada Water Area Action Plan, the Peckham and Nunhead Area Action Plan and a revised Canada Water Area Action Plan.
36. The council is now reviewing the Southwark Plan and Core Strategy to prepare a local plan called the new Southwark Plan. This new plan will set out our regeneration strategy from 2017 to 2033 and will also be used to make decisions on planning applications. The New Southwark Plan will:
 - Set policies to support the provision of new homes including 11,000 new council homes
 - Protect our existing Schools and community facilities in the borough and provide more where this needed
 - Protect local businesses and attract more businesses into the borough to increase job opportunities
 - Support our high streets and increase the range of shops to increase their vitality
 - Direct growth to certain areas of the borough, predominantly in Elephant and Castle, Canada Water, East Walworth, Blackfriars Road, Bankside and along the river Thames where there is greater public transport accessibility
 - Introduce policies to improve places by enhancing local distinctiveness and protecting our heritage assets
 - Set policies to provide greener infrastructure and to promote opportunities for healthy activities
 - Provide visions and policies for the many different areas within Southwark.

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	04/01/2019
DCRB Review Gateway 1	18/02/2019
CCRB Review Gateway 1	21/02/2019
Brief relevant cabinet member (over £100k)	07/02/2019
Notification of forthcoming decision - Cabinet	04/03/2019
Approval of Gateway 1: Procurement strategy report	12/03/2019
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	20/03/2019
Shortlisting of framework contractors – assessment confirmed by project board	09/04/2019
Completion of Stage 1 ITT tender documentation	02/07/2019
Invitation to tender for Stage 1 ITT	09/08/2019
Closing date for return of Stage 1 tenders	23/09/2019
Completion of any clarification meetings/presentations/evaluation interviews	10/10/2019

Activity	Complete by:
Completion of evaluation of Stage 1 ITT tenders	10/10/2019
Forward Plan (if Strategic Procurement) Gateway 2	01/08/2019
DCRB Review Gateway 2:	14/10/2019
CCRB Review Gateway 2	17/10/2019
Notification of forthcoming decision – notification of chief officer decision	23/10/2019
Approval of Gateway 2: Contract Award Report	30/10/2019
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	07/11/2019
Debrief Notice and Standstill Period (if applicable)	21/11/2019
Contract award for PCSA	28/11/2019
Add to Contract Register	28/11/2019
Place award notice on Contracts Finder	28/11/2019
Contract start	08/01/2020
Contract completion date	23/08/2021
Invitation to tender submit second stage proposal	25/10/2019
Closing date for return of second stage proposal	13/12/2019
Completion of any clarification meetings/presentations/evaluation interviews	17/01/2020
Completion of evaluation of proposal	17/01/2020
DCRB Review Gateway 2:	Jan 2020
CCRB Review Gateway 2	Jan 2020
Approval of Gateway 2: Contract Award Report	Jan 2020
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	Jan 2020
Contract award for Main Works	Feb 2020
Add to Contract Register	Feb 2020
Place award notice on Contracts Finder	Feb 2020
Contract start	Feb 2020
Initial contract completion date	Aug 2021

TUPE/Pensions implications

37. There are no TUPE implications for the council as an employer as there are no, nor will there be, council employees undertaking these works being procured through the NHG framework. TUPE should not apply to the appointment of a contractor to deliver the contract for pre construction services and the contract for construction

works for Cator Street 2. These are new contracts for discrete works and there is currently no existing contractor, nor are there any council staff delivering the work which is being procured. TUPE should not apply on the expiry of the contract as the works will have been completed. However, the position will need to be reviewed in the event that during the course of the contracts the council has to appoint a replacement contractor or brings the work in-house or if a contractor appoints a replacement sub-contractor during the course of any relevant sub-contracted works.

Development of the tender documentation

38. Due to the programme timescales and the associated benefits of engaging the main contractor as early as possible in the design process, the project team have identified a two stage design and build process as the most effective means of procurement and securing value for money. It is proposed to use a JCT 2016 Design Build contract, with council specific amendments.
39. Consultancy services have been appointed by the council to undertake the following activities: development of the tender documentation, commissioning of any remaining surveys; and finalise the details of the RIBA Stage 3 design.
40. The consultancy team and Southwark project management team will ensure a comprehensive set of tender documents are prepared. The team will develop plans to RIBA stage 3 and will work with contractors to develop the detailed design and supply chain to RIBA stage 4.
41. Contractors will be aware of the council's design team and may choose to appoint them to RIBA stage 4 which would offer benefits and ensure the key elements of the design are retained.

Advertising the contract

42. Companies listed under the Notting Hill Genesis framework will be invited to tender via the council's electronic tender portal – ProContract.

Evaluation

43. As there are no specific evaluation requirements stipulated within the NHG framework, the award criteria will follow the Most Economically Advantageous Tender (MEAT) protocol. The assessment of the tenders will be based on price: quality ratio of 60:40 in recognition of the need to ensure the level of quality and skills required are achieved. This percentage split is permitted when using the NHG framework.
44. Price (60%) shall be evaluated by the council's appointed Quantity Surveyor who will compile a report with recommendations based on cost of overheads, preliminaries, profits and target cost of the main works. The percentage split for these elements will be determined prior to the invitation to tender.
45. Quality (40%) shall be evaluated by project manager, quantity surveyor and programme manager.
46. The use of the Social Value Portal will be explored and, if used, may impact on the overall quality / price split. Full details will be set out in the Gateway 2 report.

47. The tender panel will evaluate the quality of submissions and will score each question out of 5 as detailed in the following table. Contractors scoring 1 point or less on any method statement question will not proceed to the next stage of the evaluation process.

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, 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.

48. 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. The quality assessment will be weighted in relation to the level of importance put upon each criterion, the weighting of each element will be determined prior to the invitation to tender.

- Resources to meet the requirements of the contract
- Quality control
- Contract management and delivery
- Experience on extra care housing and day centre construction projects

49. Tender evaluation guidelines and criteria will be included in the tender documentation.

50. All scores will undergo a consensus scoring process. Post tender clarification will be utilised if required.

51. The overall score for evaluation will be calculated by adding the scores for price and quality together. The contract will be awarded to the highest ranked tenderer.
52. Where there are joint scores for the highest place the award will be based on the highest score achieved on price. This will be declared in the tender document.

Community impact statement

53. A community impact statement will be collated to capture community priorities, issues and needs, in particular groups displaced or impacted by the development proposal. It is proposed that the community impact statement will focus on two distinctive communities:
 - a) Geographical communities - people living, accessing or working close to the development.
 - b) Community of identity – groups that share characteristics such as the older people, minority ethnic groups, faith groups, people with disabilities and young people, etc.
54. Indicative groups the council will seek to consult with will be service users, internal stakeholders and affected businesses.
55. Officers will conduct an equalities impact assessment to ensure that there is no disproportionate or discriminatory impact on groups with protected characteristics. This assessment is done during the consultation period to ensure that all groups are fully engaged and consulted to ensure a fair development and delivery process. The views of various groups will be taken on board during the design and delivery process.

Social Value considerations

56. 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

57. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors 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 contractor for this contract will result in quality improvements for the council. These should include a higher 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 contractor will be expected to meet LLW requirements and 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 contract review process.

58. The council can exclude companies who break the law by blacklisting or have not put into place genuine actions concerning past black listing 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 personal 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.
59. The council will request the necessary information from tenderers (using the council’s standard documentation in relation to blacklisting.) The contract conditions will also include an express condition compliance with the blacklist regulations, and include a provision to allow the contract to be terminated for breach of these requirements.

Social considerations

60. The NHG framework includes the delivery of employment and training initiatives for the demonstrable benefit of the community. These may include:
- Employment of local residents
 - Apprenticeships (to a minimum standard of NVQ Level 2 or above, such apprentices to be paid at least 25% above the National Apprenticeship Wage or higher)
 - Supporting work placements
 - Attendance at careers sessions with local schools and recruitment events
 - Delivery of toolbox talks and seminars to enhance knowledge and skills
61. In addition to this, the contract will commit the successful tenderer to the appointment of an Apprenticeship for every £1 million value of the contract.
62. The contract will be let in compliance with section 149 of the Equality Act 2010 under which the council has a duty to have due regard in its decision making processes to the need to:
- a) Eliminate discrimination, harassment, victimisation or other prohibited conduct
 - b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not
 - c) Foster good relations between those who share a relevant characteristic and those that do not share it.

Environmental/Sustainability considerations

63. The LBS's approach to procurement of the design, development and construction processes will ensure a requirement to maintain and improve sustainability at each stage in the project.
64. At design stage, requirements were in place to meet sustainable specifications. The lead architect on the project is required to "advise on the creative application of sustainability standards and the practical application of renewable energy and alternative forms of energy production".
65. During construction the appointed contractor will be required to adhere to guidelines outlined in the London Construction Guide which include and are not restricted to the following:
 - a) Procuring and using materials sustainably
 - b) Selecting materials with low lifecycle impacts
 - c) Using local materials
 - d) Use of materials with high recycled content
 - e) Meet minimum standards set out in Building Regulations
66. All homes will have to achieve the Code for Sustainable Homes Level 5 (CfSH5); measures will have to be taken at all stages of development to achieve this. This code has however been changed to the New National Technical Standards which comprise new additional optional building regulations regarding water and access as well as a new national space standard (this is in addition to the existing mandatory Building Regulations). For example, requirement G2 of the building regulations concerns water efficiency. The current regulations state that the potential water consumption by occupants of a new dwelling must not exceed 125 litres per person per day. This regulation remains in place but there is now also an optional higher standard which states that the potential water consumption by occupants of a new dwelling must not exceed 110 litres per person per day. This higher standard may be imposed by the planners. With regards to access, requirement M4 (sanitary convenience in dwellings) of the building regulations have added additional higher standards, M4 (1), M4 (2) and M4 (3) and one of these may be imposed by planners.
67. At design stage, requirements will be in place to meet sustainable specifications including the following:
 - Energy efficiency
 - Reduce carbon emissions
 - Conserve water & energy
 - Mitigate flooding risk
 - Safeguarding biodiversity.
68. Specifications outline that there should be an efficient approach to waste management. At design stage there is direction for designers to exercise reasonable skill care and diligence in the selection of materials. At construction stage contractors are required to minimise construction waste and maximise the use of recyclable /reusable products and materials.

69. Specifications stipulated within the employers requirements will ensure that development activity is controlled in a way that positively contributes to achieving sustainability.

Plans for the monitoring and management of the contract

70. The project manager oversees a delivery team consisting of a lead consultant design team, technical advisor and quantity surveyor to ensure effectively delivery of the project and works.
71. Annual Performance Reports will be presented to DCRB and CCRB on a six-monthly and annual basis, respectively.

Staffing/procurement implications

72. The project manager is responsible for the delivery of the overall programme, under the management of the Head of Regeneration - Capital Works and Development who 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

73. The report is recommending a procurement strategy, so at this stage there are no financial implications arising directly from the report’s recommendations. The estimated cost of the pre construction and construction costs is £19.8m which is indicative at this stage.
74. Project funding currently confirmed, and included within the council’s capital programme, includes £5,159,000 from Adult Social Care capital resources (S-0034-0713) and a £3,000,000 grant from the GLA Homes for Londoners: Affordable Homes Programme 2016-21. The final award of contract will be subject to approval of the remaining Housing & Modernisation capital contribution that will be presented to cabinet at the next capital refresh.

Funding source	Cost Centre	Amount
Adult Social Care	S-0034-0713	£5,159,000
Housing & Modernisation	TBC	12,616,000
GLA Homes for Londoners: Affordable Homes Programme 2016-21		£3,000,000
Total		£20,775,000

Investment implications

75. Please see strategic director of finance and governance commentary below.

Legal implications

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

Consultation

77. Public consultation will be undertaken in line with the council’s community engagement policy.

78. Consultation specific for this procurement has been conducted. Feedback has been sought from all key stakeholders including heads of service for both housing & modernisation and children's and adults' services.

Other implications or issues

79. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M18/101)

80. This report seeks the approval of Cabinet to the procurement strategy for a two stage design and build contract for the construction of Cator Street 2, which comprises extra care housing, a day centre and community information hub. The estimated cost of the project is £19.8m, which is indicative at this stage. Funding for the extra care housing will be met from the Housing Investment Programme, with the day centre and community information hub being funded from the Adult Social Care capital programme as set out in the financial implications section of this report.

Head of Procurement

81. This report seeks the approval of Cabinet for the procurement strategy for a two stage design and build contract from the Notting Hill Genesis framework agreement, for the construction of the Cator Street 2. This project comprises extra care (flexi-care) housing, a day centre and community information hub. The estimated contract value of £19.8m for an anticipated period of 22 months, and intends to commence in November 2019. The two-stage process involved the initial award of a Pre-Construction Services Agreement (PCSA) at an estimated cost of £150k that would be awarded in line with the contract standing orders by the relevant chief officer but also after consultation with the relevant cabinet member.
82. The award of the main contract for these works is requested to be delegated to the Strategic Director of Housing and Modernisation in consultation with the Cabinet Member for Social Regeneration, Great Estates and New Council Homes for the reasons of expediency that noted in paragraph 31.
83. The Notting Hill Genesis Housing framework agreement is open to Southwark Council to use. London Living Wage (LLW) is applicable and would be paid via the contract. The evaluation of the contracts will be in line with the framework agreement but will look to include social value, including an apprenticeship per £1m spend.
84. The plans to manage the contract are set out in paragraphs 70-71.

Director of Law and Democracy

85. This report seeks the approval of Cabinet to the procurement strategy for a two stage design and build contract for the construction of Cator Street 2 as outlined in this report. Approval is also sought for the delegation of the award of the Pre-construction Services Agreement to the relevant chief officer (as set out in paragraphs 2 and 28) and the delegation of the award of the main works contract to the Strategic Director of Housing and Modernisation for the reasons set out in paragraph 31.

86. Contract Standing Order 5.1.2 provides that any procurement involving the use of a third party's Framework contract is subject to usual Gateway 1 procedures. This report therefore seeks approval to the use of the NHG Framework contract.
87. Paragraph 21 of this report lists the 23 suppliers on the NGH Framework and paragraph 23 sets out the council's proposal for a further assessment of the contractors' experience in delivering quality extra care housing. This further assessment is in line with NHG's framework terms.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	
Lead Officer	Bruce Glockling, Head of Regeneration, Capital Works & Development	
Report Author	Laura Wannop, Project Manager	
Version	Final	
Dated	28 February 2019	
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
Contract Review Boards		
Departmental Contract Review Board	Yes	No
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		28 February 2019