

Item No. 24.	Classification: Open	Date: 16 July 2019	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Main Works for Flaxyard and Peckham Library Square	
Ward(s) or groups affected:		Peckham	
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

I am excited to be setting out a new procurement strategy for building up to 139 new homes across two sites – a brand new council estate at Flaxyard behind Peckham High St; and new housing, exhibition and work space at Peckham Library Square, with accompanying public realm improvements. At least 102 of the new homes will be council homes offered on lifetime tenancies and let at social rents, with 27 shared ownership homes, and 10 private to help generate a social profit to subsidise the new council properties and other facilities, including a new child’s play area and 11 parking spaces mainly for residents with disabilities.

The procurement strategy is also set up to provide flexibility around the sequencing of the Flaxyard, and Peckham Library Square developments respectively, the latter of which will be subject to further consultation and design work on the square.

The contractor will ensure that all individuals that it employs are paid no less than the London Living Wage, and shall implement and deliver employment and training initiatives.

RECOMMENDATIONS

Recommendations for the Cabinet

1. That cabinet approve the procurement strategy outlined in this report for a design and build contract through the Notting Hill Genesis (NHG) framework for the construction of new homes at Flaxyard and Peckham Library Square commencing on 27 January 2020, at an estimated value of £38.2m (which includes the cost of any pre-construction services agreement - PCSA) for a period of 2 years, or until the main works complete.
2. That cabinet note that the total project funding requirement at an estimated value of £42.5m will be met through GLA grant and the Housing Investment Programme (HIP) resources and duly note the financial assumptions underpinning this investment as outlined in paragraph 75 of this report.

Recommendations for the Leader of the Council

3. That the leader approves the delegation of the award decision outlined in this report for the design and build contract and a PCSA for Flaxyard and Peckham Library

Square to the strategic director of housing and modernisation in consultation with the cabinet member for social regeneration, great estates and new council homes.

BACKGROUND INFORMATION

4. On 27 January 2015 cabinet agreed the Southwark Regeneration in Partnership Programme (SRPP). The programme identified a number of council owned sites which had development potential.
5. On 20 October 2015, cabinet agreed that the SRPP sites be packaged into two lots (Lot A and Lot B) and delivered through development partnership agreements. Flaxyard and Peckham Library Square were part of Lot B. Procurement for Lot A and Lot B was undertaken via the GLA's London Development Panel (LDP). In April 2017, Clarion Housing Group entered into a partnership agreement with the council to deliver Lot B.
6. Planning was granted, subject to a Unilateral Undertaking, for Flaxyard in March 2017 and for Peckham Library Square in November 2016.
7. The redevelopment of Flaxyard will provide 120 affordable homes. At least 96 will be new council homes and the remainder will either be council tenancy or intermediate affordable homes, including shared ownership. One of the blocks will house a ground floor commercial unit and the site will accommodate 11 car parking spaces mainly for the wheel chair units. There will also be child play space provision.
8. The redevelopment of Peckham Library Square will provide 19 new homes; gallery space, co-work space, and flexible retail or office space.
9. Affordable housing is social rented, affordable rented and intermediate housing including shared ownership, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.
10. Although both organisations tried for over 18 months to overcome a number of programme challenges, in November 2018, the council and Clarion jointly decided to terminate the development agreement.
11. As a result of the October 2018 announcement that the Housing Revenue Account (HRA) cap (which limited borrowing for building new homes) would be removed, officers proposed that the council deliver a number of the Lot B schemes, including Flaxyard and Peckham Library Square, directly.
12. Therefore, the procurement strategy outlined in this report will replace the original procurement strategy. The council decided that these two sites should be packaged together due to the proximity of the sites and programme efficiencies. Developing these works simultaneously could be expected to also save the council money on the cost of preliminaries. However, the tender will be structured in such a way that should the council decide not to progress with one of the two sites prior to contract award, the contractor will still be able to proceed with the other. Both schemes are sufficiently developed to procure a contractor.
13. The council will procure a separate demolition & enabling works contract (subject to a separate gateway approval), to undertake site preparation works and to mitigate programme risk.

14. A separate gateway report will also be submitted for the procurement of the design team to develop the planning approved design.

Flaxyard



View looking east adjacent Sumner Avenue

Peckham Library Square



Summary of the business case/justification for the procurement

15. The council has an ambitious target to deliver 11,000 new council homes by 2043, with the first 1,500 by 2019. 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.

16. Approval of the procurement strategy outlined will enable new council homes. Combined, Flaxyard and Peckham Library Square will provide 102 new council homes; Flaxyard is 100% affordable and Peckham Library Square is more than 50% affordable.
17. Redevelopment of the site would increase housing supply in accordance with strategic objectives to deliver more affordable housing in the borough, to provide additional activity at ground floor level within Peckham Town Centre and to improve the character of the Library Square.

Tenure and unit numbers of new homes

	Council	Intermediate	Private
Flaxyard	96	24	0
Peckham Library Square	6	3	10
Total	102	27	10

18. Contractors will also be asked to include in their tender, proposals to manage the sale of 37 private and intermediate units, alongside an after sales process. This will be included as part of the tender documentation.

Market considerations

19. 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.
20. With regard to the tender prices for the next year, the current Building Cost Information Service (BCIS) forecast for this period is a 4% rise on tender prices. Other observations reported by BCIS which are relevant to Flaxyard and Peckham Library Square are that contractors are keen for early packages such as demolition, where mechanical and engineering and lifts have observed an overall increase. Construction materials are also forecasted to rise between 2% and 4% over the next year according to BCIS.
21. Recent procurement of similar schemes suggests that there are a number of potential contractors with relevant experience, whose services can be procured via a number of existing frameworks.
22. Peckham Library Square has a number of complexities. It is a key civic space in Peckham Town Centre. It is also a key pedestrian and cyclist through route. Careful design and construction consideration is required to be undertaken in liaison with Transport for London (TfL), and as such it is necessary for an experienced contractor to deliver these works. The cyclist through route across Peckham Library Square may be re-routed via Melon Road during construction, and re-provided once construction works complete.
23. Subject to soft market testing and further consultation, it would be feasible to develop the two sites together in one tender and this could be expected to produce cost savings for the council. It may also be feasible to advance works to the Flaxyard site to enable those works to proceed ahead of the completion of final designs and consultation on Peckham Library Square.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

24. The procurement strategy needs to consider the following factors which are relevant to this particular programme:
 - Requirement to deliver on time in order to meet programme timelines, including an objective of construction completion by May 2022
 - Site geography and the opportunity of programme efficiencies by batching sites together
 - Ability to pass an appropriate level of risk to the contractor(s)
 - The opportunity for early input from the contracting market into the design process on buildability matters.
25. As the total contract value is above the EU threshold for works it means that the full tendering requirements of the Public Contracts Regulations 2015 (PCR15) would apply.
26. There are a variety of procurement approaches available to the council and are summarised as:
27. **Do nothing** - This is not an option due to the council's commitment to deliver this project and the need to provide new council homes in the borough.
28. **Use an existing third party framework** - The frameworks relevant to this procurement are:
 - **The Notting Hill Genesis (NHG) Framework** - The NHG framework consists of 23 contractors and the council can enter into a call off contract without any competition (direct selection), or identify the contractors capable of carrying out the contract, and invite those contractors to take part in a mini-competition. The capability criteria are set out in the framework. NHG do not charge a fee for authorised users to access this framework.
 - **The London Housing Consortium (LHC) Framework** - LHC is a leading provider of free-to-use framework agreements used by local authorities, social landlords and other public sector bodies to procure works, products and services for the construction, refurbishment and maintenance of social housing and public buildings.
 - **South East Consortium** - This Framework is split into 3 lots: Lot 1: Projects under £3m, Lot 2: Projects between £3m & £8m, and Lot 3: Projects £8m and over. There is a member access fee: £2,000 for one off access. There is an expectation of using traditional timber/steel framed construction, having brick/block walling and tiled roofing.
29. **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.

Proposed procurement route

30. Using a framework will be the fastest route for procurement as it enables the council to tender directly without having to go through the SQ stage. Out of the frameworks listed above, the NHG framework appears to be the most appropriate framework for this procurement and offers a large number of contractors who are experienced in building new homes and working on major construction projects in constrained inner London sites.
31. The framework is a competitively tendered framework panel, with a robust system of performance monitoring, call-off contracts and mini-competitions to ensure they meet our high standards for build quality, service levels and value for money. The current framework runs until 2021.
32. The NHG framework is highly regarded, and is available for use. 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 confirmed.
33. The NHG Framework Contractors are:
 - Ardmore Construction Limited
 - Bouygues (UK) Limited
 - Bugler Developments Limited
 - Cablesheer Construction Limited
 - Durkan Limited
 - Galliford Try Partnerships Limited
 - Glenman Corporation Limited
 - Guildmore Limited
 - Henry Construction Projects Limited
 - Higgins Construction PLC
 - Hill Partnerships Limited
 - Keepmoat Regeneration Limited
 - Kier Construction Limited
 - Kind & Co (Builders) Limited
 - Lovell Partnerships Limited
 - Mulalley & Co Limited
 - Roof Limited
 - Rydon Construction Limited
 - Taylor French Developments Limited
 - Thomas Sinden Limited
 - United Living (South) Limited
 - Wates Construction Limited
 - Willmott Partnership Homes Limited.
34. All these contractors are of significant size and scale, and the majority of them have experience of working on housing projects in London. The contractors have the necessary skills, experience and resources to provide the works required. Many would understand the complexities of the association with Transport for London (TfL) and the detailed design and construction implications for the entire site.

35. The project team will review the list of NHG framework contractors and assess their capability to undertake the works in line with the framework process. The team will identify a minimum of five contractors to be invited to tender for these works.
36. To inform the procurement strategy the council may engage with contractors of varying size and scale to establish initial response to the opportunity. The shortlist and numbers of contractors to engage with will be confirmed. The contractors will be asked a number of specific questions focusing on interest, procurement route, contract approach, capacity and ability to maximise economic benefits.
37. The council aims to produce a very comprehensive set of information to enable the contractor to be procured on a single stage tender basis or a two stage contract with detailed pricing in the first stage.
38. The successful contractor would be required to undertake various tasks in relation to the pre-construction services, 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 contractor
 - Help develop the cost plan and construction programme
 - Help develop the method of construction
 - Prepare a site layout plan for the construction stage showing temporary facilities
 - Assist with any planning requirements on matters concerning the build phase, such as; waste disposal proposals, construction traffic movements, tree preservation protection etc.
39. The council may award a PCSA if there is a requirement to instruct some design or enabling works prior to entering into contract. Any preliminary work that the contractor does under the PCSA would form part of the contract documents which would subsequently eliminate risk for the council. It would also limit the council's exposure in terms of cost until the contract has been agreed. However, the council would be under no obligation to enter into a contract until the terms of the contract have been agreed.
40. 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 and potentially a PCSA. This will enable a quick transition process from contract recommendation to award which is necessary for the council to meet its targets.
41. Other key drivers are expediting delivery of Flaxyard which will deliver 96 council homes and is a vacant site, and the need for Peckham Platform who will be taking the gallery space at the Peckham Library Square site to draw down their Art Council grant for the fit out of the new gallery by April 2021. 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

Risk No.	Identified Risk	Likelihood	Risk Control
1.	Insufficient interest from framework providers in the tender which results in no bids.	Low	<ul style="list-style-type: none"> The council will carry out soft market testing to ensure there is sufficient market interest and capacity. The council will also develop a procurement brief that is sufficiently detailed and clear, so that providers can make an informed choice as to whether they wish to pursue this opportunity.
2.	Quality of the submitted tender proposals do not meet the council's expectations.	Low	<ul style="list-style-type: none"> Ensure comprehensive project briefs are developed that are clear and without ambiguity, in collaboration with/with advice from the project team.
3.	Budget is not considered appropriately in the design.	Low	<ul style="list-style-type: none"> Quantity Surveyor will be appointed to benchmark and monitor budget at key stages to ensure value for money achieved
4.	Legal challenge to the council's use of this framework.	Low	<ul style="list-style-type: none"> Framework is OJEU compliant and fit for purpose.
5.	Does not achieve competitiveness and value for money.	Low	<ul style="list-style-type: none"> The tender will be assessed on a Price and Quality basis. The price payable to the contractor will be calculated by reference to the rates and prices set out in the contractor's pricing schedule.
6.	Residents and political concerns create reputational risk and hinders development coming forward. Failure to deliver / impact of poor operating practice detrimental to reputation.	Medium	<ul style="list-style-type: none"> Effective communication strategy to mitigate concerns about performance and ensure deliverability is not impeded. Positive campaign adopted by the council and administration. Only contractors that can satisfy obligations are appointed.

7.	Mobilisation/construction delayed due to unforeseen site issues.	Low	<ul style="list-style-type: none"> Site will be de-risked through site investigations and demolition & enabling works.
8.	Contractor becomes insolvent or no longer has the capacity to deliver scheme	Low	<ul style="list-style-type: none"> Robust financial assessments will be undertaken including independent financial and credit checks of businesses prior to award.

Key /Non Key decisions

42. This report deals with a key decision.

Policy implications

43. The new homes programme 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.
44. 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.
45. 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	28/05/2019
DCRB Review Gateway 1	10/06/2019
CCRB Review Gateway 1	13/06/2019
Brief relevant cabinet member (over £100k)	01/05/2019
Notification of forthcoming decision - Cabinet	08/07/2019
Approval of Gateway 1: Procurement strategy report	16/07/2019
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	25/07/2019
Completion of tender documentation	03/09/2019
Closing date for receipt of expressions of interest	02/09/2019
Completion of short-listing of applicants	09/09/2019
Invitation to tender	16/09/2019
Closing date for return of tenders	25/10/2019
Completion of any clarification meetings/presentations/evaluation interviews	01/11/2019
Completion of evaluation of tenders	22/11/2019
DCRB Review Gateway 2:	09/12/2019
CCRB Review Gateway 2	12/12/2019
Notification of forthcoming decision	13/12/2019
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	08/01/2020
Debrief Notice and Standstill Period	23/01/2020
Contract award	24/01/2020
Add to Contract Register	27/01/2020
Place award notice on Contracts Finder	27/01/2020
Contract start	27/01/2020
Initial contract completion date	06/05/2022

46. For the size of this development we assume a two year development programme for this site including demolition with practical completion in May 2022. We will only be able to confirm this development programme timeline once we appoint a contractor for the works.

TUPE/Pensions implications

47. There are no specific implications for this contract.

Development of the tender documentation

48. The council will appoint a project team (subject to separate gateway approvals); including an architect to develop the approved concept design and an employer's agent (subject to a separate gateway report) who will collate tender packs.

49. The council's own employer's requirements will be used. The contract used will be JCT Design and Build 2016 which is supported by the NHG framework and the council's own schedule of amendments to JCT contract. A parent company guarantee will also be required from the main contractor.

Advertising the contract

50. Contractors will be invited to tender via the council's electronic tender portal - ProContract.

Evaluation

51. 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 70:30.

52. Price (70%) shall be evaluated by the quantity surveyor who will compile a tender report to be reviewed by the project team

53. Quality (30%) shall be evaluated by project manager, quantity surveyor and programme manager.

54. It should be noted that the price, quality and social value scoring proportions will be amended to come in line with the social value requirements of the Fairer Future procurement framework once it has been approved.

55. 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

Assessment	Score	Basis of score
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.

56. 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 based on the criteria detailed below, with each criterion weighted in relation to the level of importance put upon it:

- Resources to meet the requirements of the contract
- Quality control
- Contract management and delivery
- Experience in delivery complex housing schemes, qualifications and track record of the team proposed by the contractor.

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

58. All scores will undergo a consensus scoring process. Post tender clarification will be raised if required.

59. The overall score for evaluation will be calculated by adding the scores for price and quality together. The contract will be recommended for award to the highest ranked tenderer.

60. 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

61. Since the inception of this project there has always been a strong emphasis on inclusion with the local community regarding this project. Peckham Library Square was co-designed with local residents and proposals were consulted on in line with the Charter of Principles. The Statement of Community Involvement (SCI) provides a record of the pre-application community consultation that was carried out on the proposed development of the Flaxyard site.

Social Value considerations

62. 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. This will be assessed in line with the Fairer Future framework.

Economic considerations

63. 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 caliber 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.

Social considerations

64. The contract will commit the successful tenderer to the appointment of an apprenticeship for every £1 million value of the contract. The council will report back in the gateway 2 report. This will be assessed in line with the Fairer Future framework.
65. The NHG framework includes for the delivery of employment and training initiatives for the demonstrable benefit of the community. These 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; and
 - Delivery of toolbox talks and seminars to enhance knowledge and skills.
66. The Social Value Portal will be used as part of the evaluation criteria and through this tool, bidders will be scored against a set of Themes, Outcomes and Measures aligned to the Council's Fairer Futures Procurement Framework.

Environmental/Sustainability considerations

67. The design will include the following sustainable specifications:

- Energy efficiency
- Reduce carbon emissions
- Conserve energy
- Prevent flooding
- Encourage biodiversity.

68. The development is to comply, in full, with the London Plan and the Sustainability Statement.
69. The design and construction of the works must comply with the Building Regulations.
70. The contractor is to ensure they minimise all waste during construction and reuse and recycle where feasible.

Plans for the monitoring and management of the contract

71. The contract will be monitored and managed by the project manager and housing regeneration programme manager. The employer's agent will act as contract administrator.
72. The lead contract officer will ensure that systems are in place to manage and monitor the contract in respect of at least:
- a) Compliance with specification and contract
 - b) Contractor performance and KPIs
 - c) Budget and cost
 - d) User satisfaction
 - e) Risk management
 - f) Delivery of social value commitments, including London Living Wage.
73. Throughout the contract, the performance of the contractor and the contribution of the contractor to the achievement of the framework objectives shall be monitored and assessed by reference to the KPIs incorporated into the contract. An annual monitoring report will be presented to CCRB and six-monthly monitoring reports will be taken to DCRB.

Staffing/procurement implications

74. The project manager is 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

75. The cost of this procurement will be funded from resources to support the Housing Investment Programme (including S106 and borrowing) and GLA grant. The GLA grant is estimated to be £41k per council home with a total estimated grant funding of £4.182m. An update report will go to the Housing Investment Board and or cabinet in summer.
76. The estimated cost value of works is £38.2m. The estimated total scheme cost including fees and contingency is £42.5m, which will be coded to Flaxyard site (R-

5014-0000.9) and Peckham Library (R-5014-0000.15) for effective monitoring and reporting.

Estimated spend profile

Site	Previous Yrs	2019/20	2020/21	2021/22	Total
Flaxyard	£1,035,888	£11,129,963	£11,129,963	£11,129,963	£34,425,777
Peckham Library Square	£369,625	£2,568,199	£2,568,199	£2,568,200	£8,074,223
Total	£1,405,513	£13,698,162	£13,698,162	£13,698,163	£42,500,000

Investment implications

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

Legal implications

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

Consultation

79. In 2015 a feasibility study was undertaken for Flaxyard by Levitt Bernstein Architects which showed 120 new homes could be delivered on the site, along with commercial retail space. The council held their first public consultation in July 2015 presenting initial design proposals for feedback. The council held a second public consultation on line between March and April 2016 incorporating stakeholder/local resident feedback. Between June and September 2016 meetings were held with various local stakeholder groups. The council held a public exhibition in July 2016 presenting the final proposal for planning submission. The council submitted a planning application in September 2016. In March 2017 planning committee gave a resolution to grant planning.

80. The council held their first public consultation for Peckham Library Square in December 2014. Between December 2014 and November 2015 a series of public workshops were held which invited members of the local community to share their views on proposals to develop the site; feedback from these workshops was used to inform design proposals developed by Carl Turner Architects. In January 2015 the council held a second public consultation which gave the opportunity to present the revised designs back to the community. The council held a public exhibition in March 2015 presenting the final proposal that would be submitted to planning. The council submitted a planning application in July 2016. In November 2016 planning committee gave a resolution to grant planning.

81. The council will write to residents informing them of the hoarding erection date and anticipated start on site and will host an initial resident stakeholder meeting on site and introduce contractor /contractor resident liaison officer (RLO).

Other implications or issues

82. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M 19/042)

83. The strategic director of finance and governance notes the recommended procurement strategy for the delivery of 139 new homes, including 102 council homes across two sites at Flaxyard and Peckham Library Square. Costs for this contract are indicative at this stage and are estimated at £38.2m, with the overall project cost estimated £42.5m taking into account fees and contingency. As outlined in the financial implications section of the report, these costs will be met from resources supporting the Housing Investment Programme. Receipts generated from the sale of private and shared ownership units will be used to support future capital projects.

Head of Procurement

84. This report seeks approval for the procurement strategy for a design and build contract for the construction of new homes at Flaxyard and Peckham Library Square at an estimated value of £38.2m.
85. The proposed route for contracting is the Notting Hill Genesis framework which offers an OJEU-compliant route to market, flexible terms, and a suitable range of contractors for the reasons detailed in paragraph 30 to 32.
86. Plans for monitoring of the contract are detailed in paragraphs 71 to 73.

Director of Law and Democracy

87. This report seeks the approval of the cabinet to the procurement strategy for works at Flaxyard and Peckham Library Square as further detailed in paragraphs 1 and 2. As this is a strategic procurement, the decision to approve the procurement strategy is reserved to cabinet.
88. The scope and value of the construction at an estimated value of £38.2m means that the procurement is subject to the full tendering requirements of the Public Contract Regulations 2015. However the NHG framework (through which it is intended to undertake a further competition) was established following an EU compliant process, and therefore competition through this framework will satisfy those EU tendering requirements. The NHG framework is open to local authorities to use, subject to entering into an access agreement with Notting Hill which the council has already entered into.
89. 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 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 paragraph 61, setting out the consideration that has been given to equalities issues and to the consultation which has taken place and which is due to take place (noted in paragraphs 79-80) which should be considered when approving the recommendations in this report.

REASONS FOR URGENCY

90. An urgent decision is needed to maintain the delivery timetable of the council's new homes programme. Another key driver is the need for Peckham Platform who will be taking the gallery space at the Peckham Library Square site to draw down their Art Council grant for the fit out of the new gallery by April 2021. If there was a delay to Gateway 1 being presented to cabinet for the main works contract, this may have a serious impact upon the delivery timescales. The next cabinet meeting relates to decisions to be taken from September 2019 onwards.

REASONS FOR LATENESS

91. Officers were finalising details of a complex procurement following a meeting with the Employer's Agent on Monday 8 July where officers considered the technical benefits of a single or two stage procurement strategy and impact on programme.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Gateway 1 - Southwark Regeneration in Partnership Programme Procurement Approval	Regeneration - Capital Works and Development, 5 th Floor, Hub 1, Tooley Street, London, SE1 5LX	Cat Janman 020 7525 0659
Link (please copy and paste into your browser):		
http://moderngov.southwark.gov.uk/documents/s57186/Report%20Gateway%201%20-%20SRPP%20Procurement%20Approval.pdf		
Southwark Regeneration in Partnership Programme	Regeneration - Capital Works and Development, 5 th Floor, Hub 1, Tooley Street, London, SE1 5LX	Cat Janman 020 7525 0659
Link (please copy and paste into your browser):		
http://moderngov.southwark.gov.uk/documents/s51232/Report%20Southwark%20Regeneration%20In%20Partnership%20Programme.pdf		

APPENDICES

No	Title
Appendix 1	Site layout plans

AUDIT TRAIL

Cabinet Member	Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	
Lead Officer	Michael Scorer, Strategic Director of Housing and Modernisation	
Report Author	Cat Janman, Project Manager (Housing Regeneration)	
Version	Final	
Dated	9 July 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	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	9 July 2019	