

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 26 July 2021	<b>Meeting Name:</b> Director of New Homes
<b>Report title:</b>		GW2 Architectural Services for Ledbury Estate	
<b>Ward(s) or groups affected:</b>		Livesey	
<b>From:</b>		Head of Development	

## RECOMMENDATION(S)

The Director of New Homes:

1. Approves appointment of Karakusevic Carson Architects LLP as architects for Ledbury Estate at an estimated fee (based on the percentage set out in paragraph 22) of £1,363,400 from 26 July 2021 for the period noted in paragraph 7.
2. Notes that the actual fee will be reported to the Director of New Homes.

## BACKGROUND INFORMATION

3. This report recommends this appointment in accordance with the guidelines, terms and conditions of the LHC Architect Design Services Framework (see further guidance on the Source and LHC website) which runs from 25 May 2020 until 24 May 2024. As confirmed by Cabinet in October 2019, a gateway process has been agreed for use of this framework. This means that for projects that fit within the scope of the framework up to £2m, no GW1 is required for permission to use this route to market. This form can be used where a mini competition has been carried out to obtain sign off for award by the Director of Regeneration or Director of New Homes without consideration of the report by the Housing Departmental Contract Review Board.
4. This procurement strategy relates to a number of sites that form part of the council's New Homes Development Programme, which is part of the council's commitment to build 11,000 new homes by 2043.
5. This Gateway 2 report relates to the regeneration of the Ledbury Estate, details of which are set out below:

Scheme Name	Location	Tenure	Est. Contract Value
Ledbury Estate	Livesey Ward	Social Rent	£100,000,000

6. The tender includes the full range of Architectural services including the provision of Building Services Engineer and Structural Engineer.
7. The services provided by the architect for this site are not for a fixed period of time, however estimated to be for a 3 to year period. The services provided are based on the RIBA work stages and this commission is from RIBA stage 0 to the early aspects of RIBA stage 4.

## Procurement project plan

Activity	Completed by/Complete by:
Briefed relevant cabinet member (over £100k)	01/02/2021
Completion of mini-competition documentation	01/02/2021
Invitation to mini-competition	22/02/2021
Closing date for return of submissions	19/03/2021
Completion of evaluation of submissions	09/04/2021
Budget Holder Review Gateway 2	15/06/2021
Director of Regen / New Homes Review Gateway 2: Contract award report	22/06/2021
Approval of Gateway 2: Contract Award Report	22/06/2021
Debrief Notice and Standstill Period (optional*)	27/06/2021
Contract award	04/07/2021
Add to Contract Register	04/07/2021
Publication of award notice on Contracts Finder	04/07/2021
Contract start	04/07/2021
Contract completion date	30/07/2024

\*not required under a framework; to be determined based on risks or other factors

## KEY ISSUES FOR CONSIDERATION

### Key/Non Key decisions

8. This report deals with a key decision

### Policy implications

9. This appointment will assist with the delivery of the council's 11,000 new homes programme by 2043.

### Mini competition process

10. A mini competition was conducted via the LHC ADS framework accessing the following lots: *(tick all that apply)*

	Use sector	Construction value	
Lot 1	Masterplanning & Feasibility	n/a	<input type="checkbox"/>

Lot 2	Education, Social Care, Community	Up to £5m £5m - £20m £10m+	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Lot 3	New Homes	Up to £5m £5m - £20m £10m+	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
Lot 4	Commercial & Industrial	Up to £5m £5m - £20m £10m+	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Lot 5	Conservation & Heritage	n/a	<input type="checkbox"/>
Lot 6	Public Realm & Landscape	n/a	<input type="checkbox"/>
Lot 7	New Design	n/a	<input type="checkbox"/>

11. A total of 4 bidders expressed an interest in this project and were therefore invited to take part in a mini competition.
12. A mini-competition exercise was then carried out on the basis of the following evaluation criteria: Quality (40%), Social Value (10%), Price (30%) and Interview / Presentation (20%).
13. The quality evaluation required tenderers to submit method statements that demonstrated:
  - a. Team Experience: Details of the staff undertaking the day to day work, relevant experience, skills and qualifications.
  - b. Design Solutions: Details of the approach to overall design and advising how they would ensure that the councils design standard would be achieved,
  - c. Engagement Tools: Details of the approach to communicating effectively with existing residents and providing examples of engagement tools.
14. The social value evaluation required tenderers to submit method statements that demonstrated:
  - a. User & Community Needs: The approach to designing for the various needs of the community.
  - b. Collaboration with Unrepresented Groups: Details of the approach to collaborating with unrepresented groups.
  - c. Equality & Diversity: Details of practice and project team diversity and what the organisation did to encourage diversity.
15. The mini-competition tender submissions were evaluated by Project Managers, with the Development Manager overseeing and moderating the process.
16. As part of the mini-competition, bidders were asked to submit fee percentage, which was applied to the estimated contract sum. The fee submission included a

fee for the architectural services, building services engineer, structural engineer services, and the LHC levy. The fees were evaluated on the basis of the lowest price.

17. Tenderers were also asked to attend an interview which required them to make a 10 minute presentation and answer 3 predetermined questions; bidders were informed of the predetermined questions upon notification of the date of their interview. The mini-competition documentation set out how the interviews would be scored. The interviews were evaluated by project managers and resident project group members, who had undertaken mini-competition evaluation training, declared any conflicts of interest, and signed a non-disclosure agreement.
18. The tender documents set out that a minimum of 3 of the highest scoring tender submissions will be taken forward to the Quality assessment stage presentation/interview.

### **Mini competition evaluation**

19. The mini-competition tender submissions were evaluated in line with the requirements of the framework. The following table sets out the outcomes of the procurement exercise:

Contractor	Quality	Social Value	Price	Presentation	Total	Rank
KCA	29.00%	6.80%	26.25%	15.00%	77.05%	1

20. Following the initial evaluation of the quality, SV and price elements of the tender submission, Haworth Tompkins were informed that they would not be invited to the presentation / interview. The tender evaluation methodology set out that the top three highest scoring tenders would be invited to presentation / interview stage.
21. Karakusevic Carson Architects LLP obtained the highest score, and are therefore recommended for award of Ledbury Estate.
22. The fee is based on the estimated project value from indicative capacity studies, whereas the actual fee will be calculated on the estimated project value of the planning approved scheme. The updated project value will be based on the cost plan at the point of planning approval. The actual fee for the project will be approved by the Director of New Homes.

### **Plans for monitoring and management of the contract**

23. The project clienting, including the management and administration of the consultant appointments will be run and resourced through the New Homes Deliver Team in the Asset Management Division in Housing & Modernisation.
24. Payment will be made at the following periods of the contract:
  - a. Completion of RIBA Stage 1: 5%
  - b. Completion of RIBA Stage 2: 15%
  - c. Upon completion of pre-planning application: 25%
  - d. Upon submission of planning application: 25%
  - e. Upon planning approval: 10%
  - f. Upon completion of mini-competition documentation: 20%

25. Performance of the consultant team will be subject to constant scrutiny and monthly formal review, including reviews on cost, quality and programme. The officer client team will use a number of mechanisms for monitoring and controlling the financial and programme performance of the contract, including,
- On-going design reviews, checking quality and cost against agreed standards and budgets
  - Monthly financial statements by the consultant
  - Monthly appraisals of progress against programme and monthly reports by the consultant
  - Tracking and chasing actions on critical issues
  - Periodic project team 'look ahead' workshops covering key phases of work and risks
  - Risk and issues log
26. Internal governance arrangements for the programme were reported to cabinet in December 2014. These confirmed that ultimate responsibility for the overall programme resides with the Delivery Programme Board, chaired by the Strategic Director of Housing & Modernisation.

#### **Identified risks for the new contract**

27. The successful tenderer will enter into an agreement based on the JCT Consultancy Agreement 2016 form which has been amended to include the specific requirements of the council including a requirement for professional indemnity insurance of a minimum of £5,000,000.

<b>Risk No.</b>	<b>Identified Risk</b>	<b>Likelihood</b>	<b>Risk Control</b>
1.	Risk of increase in architects fee	Low	The contract will be awarded on the basis of the quoted fee percentage.
2.	Financial stability of the architect practices	Medium	<p>The company has been procured via LHC ADS framework, which checked financial stability as part of the framework procurement process. In order to manage this risk the New homes Team will:</p> <ul style="list-style-type: none"> <li>• Ensure that the council does not pay for work in advance.</li> <li>• Monitor progression of the projects and identify any early signs of problems.</li> <li>• Have a mobilisation plan for another practice to step in ready should practices fall into difficulty.</li> </ul>

#### **Any other considerations**

28. Southwark Council has standard specifications in a number of areas of work and these will be used as appropriate. This will include using Southwark Housing Design Standards.

## Community impact statement

29. Southwark is a borough with high levels of deprivation, low income levels and high levels of housing need. Southwark's housing Strategy 2009-16 identified that there is a shortage of affordable housing in the borough, particularly of larger homes. Households from black and ethnic minority communities tend to be over-represented among those living in overcrowded, poor quality housing.
30. Cabinet agreed a new vision for the future housing strategy including a principle to use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
31. The proposals to increase the supply of affordable, good quality homes will benefits households in need from all Southwark communities, and will increase the housing options available for older people and people with disabilities.
32. Those households in the vicinity of the new developments may experience inconvenience and disruption in the short term, whilst works are taking place but such communities will benefit in the longer term from the provision of new homes. Particularly as 50% of these homes will be let to existing tenants from the local area subject to an agreed local lettings policy.
33. Local residents will continue to be consulted at each stage of the development proposals as outlined in the Charter of Principles agreed by cabinet in 2014.

## Social Value considerations

34. 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 social value considerations included in the mini-competition are set out in the following paragraphs in relation to the mini-competition responses, evaluation and commitments to be delivered under the proposed contract.

	Yes	Not applicable
Was the payment of <a href="#">London Living Wage / Real UK Living Wage</a> appropriate and included in the contract	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Were Social Value evaluation provisions appropriate and included in the procurement (required to be considered when over £100k).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Were apprenticeships (target is 1 per million contract spend) or any other employment opportunities included in the contract	<input type="checkbox"/>	<input checked="" type="checkbox"/>

35. Social value was assessed as part of the evaluation process, which was focused on equality, diversity and inclusion. The evaluation process considered the practices could demonstrate the outcomes identified in paragraph 17.

## Details of any social value, economic or environmental commitments (especially applicable to higher value contracts)

36. The design briefs for the new homes will be developed in consultation with the 'user client' officers and make it clear that the council is seeking developments that are not only attractive and functional in their design but also durable and easy to maintain with low running costs.
37. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, our contractors and subcontractors pay their staff at a minimum rate equivalent to the LLW rate. The 11,000 new homes programme is a strategically important undertaking for the council and its benefits are expected to be realised in a number of ways, including the recruitment of qualified staff, retention of staff and an improved service delivery to the council. Each tenderer agreed to this in section 2.2 of the contract amendments issued with the mini-competition documents. Following award, quality improvements and costs implications linked to the payment of LLW will be monitored as part of the contract review process.
38. The new housing will provide high quality affordable housing for local people in need of accommodation. 50% of these homes will be made available to existing tenants in the local area based on an agreed local lettings policy. The remainder will be made available to other households in need of accommodation from the council's housing register.
39. The new rented homes will be let at social rent levels.
40. By investing in high quality and well-designed buildings and estates the council aim to achieve positive impacts which will benefit the environment and increase the stock of environmentally friendly buildings within the borough.
41. As part of the design development process, there will be a requirement for environmental assessments to be completed, with a view to identifying what impact would be caused by any proposed development.

### **Financial implications**

42. The cost will be met from resources supporting the council's Housing Investment Programme, including GLA grant, and borrowing where appropriate. .

### **Legal implications**

43. The mini-competition has been undertaken in accordance with the requirements of the ADS framework, and as agreed by Cabinet the award decision is delegated to the Director of New Homes. At this value no legal concurrent is required.

### **Consultation**

44. Local residents will be consulted at each stage of the development of each project as outlined in the Charter of Principles

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance and Governance (H&M 21/017)**

45. This report seeks approval from the Strategic Director of Housing and Modernisation to award a contract to Karakusevic Carson Architects LLP to provide architectural services for the Ledbury Estate regeneration scheme. Actual fees will only be known once the construction contract is awarded. A competitive tendering process has been followed to help ensure value for money from these contracts. The appointment is subject to the approval of the overall scheme, which is being presented to Cabinet on 13 July 2021. As outlined in the financial implications section of this report, the contract costs will be met from resources supporting the council's Housing Investment Programme.

#### **Head of Procurement**

46. This report is seeking approval from the Director of New Homes for the award of an architectural services contract for the Ledbury Estate.
47. The Cabinet approved procurement route (October 2019) has been followed with a mini competition using the LHC Architect Design Services Framework (Lot 3) being undertaken.
48. Paragraphs 10 – 18 covers the evaluation process confirming that four companies expressed an interest.
49. Paragraphs 19- 23 details the evaluation scores achieved across price fee, quality, social value and presentation with Karakusevic Carson Architects LLP obtaining the combined highest score.
50. Paragraphs 24 – 27 describe how the contract will be managed and monitored throughout the life of the contract including the structured payment of fees.

#### **Director of Law and Governance**

51. Not applicable.

#### **Director of Exchequer (for housing contracts only)**

52. Not applicable

### **PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS**

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





Signature .....

**Stuart Davis, Director of New Homes**

22 July 2021

Date.....

**PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:**

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

**1. DECISION(S)**

As set out in the recommendations of the report.

**2. REASONS FOR DECISION**

As set out in the report.

**3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION**

Not applicable.

**4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION**

**5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST**

*If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.*

**6. DECLARATION ON CONFLICTS OF INTERESTS**

**I declare that I was informed of no conflicts of interests.\***

**or**

**~~I declare that I was informed of the conflicts of interests set out in Part B4.\*~~**

(\* - Please delete as appropriate)

## BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Procurement Strategy Approval Architectural Design Services Framework	Procurement Advice Team / Tooley Street	Shona Snow 020 7525 0111
Link: <a href="http://moderngov.southwark.gov.uk/documents/s85380/Report%20Gateway-1-Architect%20Framework%20Partnership.pdf">http://moderngov.southwark.gov.uk/documents/s85380/Report%20Gateway-1-Architect%20Framework%20Partnership.pdf</a>		
Title of document(s)	Title of department / unit address	Name Phone number
Link: (Insert hyperlink here)		

## APPENDICES

No	Title
n/a	

## AUDIT TRAIL

Lead Officer	Stuart Davis, Director of New Homes		
Report Author	Tim Bostridge, Head of Development		
Version	Final		
Dated	13 July 2021		
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 Governance	Yes	Yes	
Cabinet	N/a	N/a	
Date final report sent to Constitutional Team		26 July 2021	

