

Item No.	Classification: Open	Date: 13 December 2022	Meeting Name: Strategic Director of Housing & Modernisation
Report title:		Gateway 2 - Contract Award Approval Tustin Estate Design Guardian	
Ward(s) or groups affected:		Old Kent Road	
From:		Senior Project Manager	

RECOMMENDATION(S)

1. The Strategic Director of Housing & Modernisation approve the award of the Tustin Estate Design Guardian contract to Karakusevic Carson Architects (KCA) through the LHC Architects Design Services Framework (ADS Framework) in the sum of £966,070 for a period of two years and five months starting 21 December 2022.

BACKGROUND INFORMATION

2. In March 2021, residents voted in favour of demolishing and rebuilding the Tustin Estate low rise buildings in a residents' ballot. This will include replacement council homes, additional council homes and key worker housing, shared equity homes and homes for private sale. There will also be a replacement school building, new commercial spaces and a new park.
3. dRMM were appointed in 2021 as Architect for the planning phase.
4. A design guardian is necessary to monitor quality in the construction stages. The design guardian shall be responsible for monitoring Tustin Phase 1 and managing and coordinating the consultant team including architectural, MEP, structural, fire and landscape services.
5. A mini competition was conducted under the ADS Framework. The council issued an expression of interest to lot 3 architects on the framework and received four expressions of interest.
6. The closing date for the mini competition was 14 July 2022. However, no bids were received by this date. The architects fed back that they did not want to undertake this role at this time, that they were very busy with other project and bid commitments and were unable to dedicate the resources to it.
7. Given the feedback responses from the architects, the project team do not believe that a retender would be successful. There is a need for a Design Guardian to be appointed imminently because construction work started on site in September 2022.

8. Following the failed procurement and consultation with the framework provider, the council decided to use a single supplier negotiation. The ADS Framework allows for a mini competition or a direct award.
9. As a result the council had to retender using a direct award procedure. KCA were invited to submit a fee proposal because they are the architect on Ledbury estate and Wyndham & Redcar estate and therefore familiar with Southwark's requirements for estate rebuilds and Old Kent Road's regeneration. They have previously undertaken the Design Guardian role on large-scale projects in Hackney and Camden.

Procurement project plan (Key Decision)

10.

Activity	Completed by/Complete by:
Briefed relevant cabinet member (over £100k)	18/05/2022
Completion of tender documentation	25/05/2022
Closing date for return of tender	14/07/2022
DCRB Review Gateway 2	17/10/2022
General Exception Notice	24/10/2022
Notification of forthcoming decision	30/11/2022
Approval of Gateway 2: Contract Award Report	06/12/2022
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	10/12/2022
Contract award	19/12/2022
Add to Contract Register	13/12/2022
Place award notice in Find a Tender Service	13/12/2022
Publication of award notice on Contracts Finder	13/12/2022
Contract start	13/12/2022
Contract completion date	12/05/2025

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

11. This procurement is to appoint a design guardian
12. This contract also provides social value benefits as outlined in paragraphs 29 to 30 of this report.
13. The design guardian will monitor Tustin Phase 1.

14. The fee is in line with a comparable project.

Key/Non Key decisions

15. This report deals with a key decision.

Policy implications

16. This scheme is part of the Old Kent Road regeneration programme and the council's commitment to deliver 11,000 new council homes by 2043.

Tender process

17. The project team considered the architects on the framework, and then spoke with the framework provider and got agreement to invite KCA to submit a fee proposal.

Tender evaluation

18. The tender evaluation panel was made up of the Senior Project Manager, Strategic Lead, Head of Regen, Independent Resident Advisors Open Communities, and two residents from the Tustin Community Association. KCA were asked to meet with the panel to clarify their fee proposal.

19. The panel believes that the proposal represents value for money and KCA are recommended for award. This cost is in line with what the council paid for design guardian services at Aylesbury and within the budget expectations.

Plans for the transition from the old to the new contract

20. Not applicable.

Plans for monitoring and management of the contract

21. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.

Identified risks for the new contract

22.

Risk No.	Identified Risk	Likelihood	Risk Control
1	Procurement risk challenge	Low	<ul style="list-style-type: none"> Use of a framework compliant with the Public Contracts Regulations 2015. The council will ensure compliance with the direct award procedure and the procurement regulations.
2	Programme delay due to COVID-19 or BREXIT or War	Low	<ul style="list-style-type: none"> Set realistic programme and monitoring
3	Company ceases trading or goes into administration	Low	<ul style="list-style-type: none"> Their credit score is Secure.

Other considerations (For Housing Department works contracts only)

23. None.

Community, equalities (including socio-economic) and health impacts

Community impact statement

24. The council had to win a ballot of existing tenants and leaseholders before any redevelopment scheme could take place. Residents voted in favour of the redevelopment programme in a residents' ballot in March 2021. The scheme has been progressed in line with the council's Landlord Offer commitments and with the Tustin Resident Manifesto.

Equalities (including socio-economic) impact statement

25. An Equality Impact Assessment (EQIA) was carried out in March 2022. The EHIA found that the majority vote in the residents ballot in combination with the scheme's potential to provide improved living conditions, housing quality, accessibility, public realm and community facilities presents a compelling case that the redevelopment is in the public interest. The EHIA sets out the potential risks and how the council has sought to mitigate these risks through a range of measures focused on engagement, rehousing assistance and compensation options.

Health impact statement

26. An Equality Impact Assessment (EQIA) was carried out in March 2022. The EHIA sets out how the redevelopment programme has the potential to contribute to improved health outcomes for existing and future residents and to help tackle health inequalities through improved living conditions and improved public realm and green space.

Climate change implications

27. The construction scheme will aim to be net zero carbon. The following measures are also specified across all phases of the proposed development:

- High performance building fabric
- Façade design to provide adequate daylight while limiting solar gains in the summer that could lead to overheating
- High efficiency lighting and controls
- High efficiency HVAC systems, including mechanical ventilation with heat recovery
- Adequate solar shading to minimise solar gains in the summer and limit overheating risk
- Maximise dual aspect dwellings to provide opportunities for cross ventilation

Social Value considerations

28. 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 tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

29. KCA propose to make a social value contribution of 2.5% of their Architectural fee.

30. KCA propose to arrange a meeting with the contractors Social Value (SV) team and separately with the Residents Association (RA) following their appointment, to discuss the best allocation of this SV fund to meet the needs of the RA and local community.

Social considerations

31. The council is an officially accredited Living Wage (LW) Employer and is committed to ensuring that, where appropriate, our contractors and subcontractors pay staff at a minimum rate equivalent to the London LW (LLW). The Gateway 1 report dated 13 June 2022 confirmed, for the reasons stated in that report, payment of LLW was an appropriate and best value

requirement for this contract. KCA has confirmed that they will meet the LW requirements. Following award, quality improvements and costs implications linked to the payment of LW will be monitored as part of the contract review process.

Environmental/Sustainability considerations

32. See Climate change implications in paragraph 27 of this report.

Market considerations

33. KCA are a medium sized practice based in London that specializes in public housing across the UK.

Staffing implications

34. There are no additional staffing implications. Staffing needs will be met through existing structures

Financial implications

35. The cost of the appointment is £966,070, with £37,000 per month expected to be incurred monthly from November 22 and £32,350 per month from Feb 23. The cost will be met from resources supporting the council's Housing Investment Programme, including grant funding from the Greater London Authority (GLA) and borrowing where necessary and will be charged to project code H-1810-3000.04.

Investment implications

36. N/a.

Legal implications

37. Please see concurrent from the Director of Law and Governance.

Consultation

38. Consultation will be carried out in line with the Development Consultation Charter.

Other implications or issues

39. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M 22/108)

40. This report is seeking approval from the Strategic Director of Housing and Modernisation to award the Tustin Estate Design Guardian contract to Karakusevic Carson Architects (KCA) for the sum of £966,070 starting 19 December 2022. The contract forms part of the Tustin Estate Low Rise Redevelopment Programme, which is expected to deliver 690 new homes, of which 443 will be affordable homes, as well as community facilities, a replacement school and commercial premises.
41. The financial implications section of the report sets out the likely spend profile for the contract and how the cost will be met from resources supporting the council's Housing Investment Programme.

Head of Procurement

42. This report seeks approval from the Strategic Director of Housing and Modernisation to award the Tustin Estate Design Guardian contract to Karakusevic Carson Architects (KCA) for a sum of £966,070 for a period of two years and five months starting 7 December 2022.
43. The Strategic Director of Housing and Modernisation notes that the procurement is detailed in paragraphs 11 to 14 and 17 to 19, management and monitoring of the contract are detailed in paragraph 21, the risks are detailed in paragraph 22, the impact on equalities, health and climate change are detailed in paragraphs 25 to 27, social value commitments are detailed in paragraph 29 and confirmation of the payment of LLW is detailed in paragraph 31.

Director of Law and Governance

44. The Strategic Director of Housing & Modernisation approve the award of the Tustin Estate Design Guardian contract to Karakusevic Carson Architects (KCA) through the LHC Architects Design Services Framework (ADS Framework) in the sum of £966,070 for a period of two years and five months starting 7 December 2022.
45. The nature and value of the services are such that they are subject to the full tendering requirements of the Public Contract Regulations 2015 (PCR15). However, the council is awarding this contract following a direct award from the ADS Framework, which was established following a PCR15 compliant tendering process, and in partnership with the council. The tendering requirements of PCR15 are therefore satisfied.
46. CSO 2.3 requires that no steps are taken to award a contract unless the expenditure involved has been included in approved estimates, or otherwise approved by the council. Paragraph 35 confirms the financial implication of this award.

47. The Strategic Director's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Strategic Director is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 48-56 setting out the consideration that has been given to equalities issues which should be considered when approving the recommendations in this report.

Director of Exchequer (for housing contracts only)

48. 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 (and as otherwise recorded in Part B below).

Signature Michael Scorer ... **Date**...12 December 2022

Designation Strategic Director of Housing and Modernisation

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

- 1) All key decisions taken by officers
- 2) Any non-key decisions that are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see 'FOR DELEGATED DECISIONS' section of the guidance).

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

Not Applicable

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.

None

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)

7. CONSIDERATION GIVEN TO WHETHER, AS A NON-KEY DECISION, THIS SHOULD BE FORWARDED TO THE CONSTITUTIONAL TEAM FOR PUBLICATION IN ACCORDANCE WITH REGULATION 13(4)*

The decision taker should consider whether although a non-key decision, the decision is sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available. Where there is any doubt, having considered the importance and/or sensitivity of a decision, it should be deemed that Regulation 13(4) would apply.

I consider that the decision be made available for publication under Regulation 13(4).*

or

~~I do not consider that the decision be made available for publication under Regulation 13(4).*~~

(* - Please delete as appropriate)

* Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the council is required to put in place a scheme for recording and publishing some officer executive decisions. This process is sometimes referred to as "Regulation 13(4)".

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Procurement Strategy Approval Architectural Design Services Framework	Procurement Advice Team / Tooley Street	Elaine McLester 0207 525 7733
Link: Link to report		
Equality and Health Impact Assessment, 21 March 2022	Southwark Construction / Tooley Street	Cat Janman 020 752 50659
link		

APPENDICES

No	Title
None	

AUDIT TRAIL

Lead Officer	Osama Shoush, Strategic Lead	
Report Author	Cat Janman, Senior Project Manager	
Version	Final	
Dated	29/11/2022	
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
Director of Exchequer (for housing contracts only)	No	No
Cabinet Member	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	No	No
Cabinet	No	No
Date final report sent to Constitutional Team		13 December 2022

