

Item No. 18.	Classification: Open	Date: 18 March 2014	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Directly Funded Housing Delivery (Phase 2) - Procurement of Professional Services and Construction Works for Various Sites	
Ward(s) or groups affected:		Chaucer, Rotherhithe, Nunhead Peckham, Newington Grange, Livesey, South Bermondsey, Cathedrals, Camberwell Green, The Lane, East Walworth,	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

FOREWORD – FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY

Adoption of the approach recommended in this report will enable further progress of the Direct Delivery Programme to build the first 1000 new council homes. It will also support the work to develop the long term housing investment plans and asset management strategy as agreed by cabinet in January 2014.

The creation of two new framework arrangements will establish the mechanism for the Direct Delivery of new homes in the medium term, with the council able to directly manage the appointment of technical advisors, such as architects and building contractors who are most suitable to the range of schemes that will come forward.

Progression of the initial stage of the programme has been possible through the use of external procurement measures, introducing flexibility, speed and consideration of the best approach at the initiation stage. This approach has carried us through thus far and will be considered as an option to take us through the initial design stage of phase 2a in the short term.

As well as the provision of new homes, the programme will also provide additional social and economic benefits such as employment and training opportunities for local residents and opportunities for local small and medium enterprises (SME) businesses.

RECOMMENDATIONS

Recommendations for the Cabinet

1. That cabinet approve the procurement strategy contained in this report i.e. to set up a framework arrangement for consultancy services to support the delivery of phase 2b of the directly funded programme at an estimated value of £4.2m for a period of 4 years.
2. That the cabinet approve the procurement strategy contained in this report i.e. to set up a framework arrangement for construction works to support the delivery of phase 2a and phase 2b of the directly funded housing programme at an estimated value of £64m for a period of 4 years.

3. That the cabinet approve the inclusion of additional consultancy services and construction works as possible options in OJEU notice for these 2 frameworks to cover future phases of the Direct Delivery programme (with a estimated value of £290m) and wider council requirements (with an estimated value of £30m) as detailed in paragraph 26 but noting that any use of the frameworks for these additional services/works will be subject to separate reports.
4. That the cabinet agrees that Gateway 2 decisions to set up frameworks and later call offs for consultancy services and construction works relating to phase 2 due to be considered by cabinet are delegated to the chief executive.

Recommendation for the Leader of the Council

That the Leader

5. Agrees that if the scope of work changes i.e. the sites within the phases are altered, that these decisions are delegated to the cabinet member for regeneration and corporate strategy or another relevant cabinet member.

BACKGROUND INFORMATION

6. Approval for the progression of the council's directly funded housing delivery programme as part of the commitment to build 11,000 new council homes in the next 30 years was agreed by cabinet in October 2012. In January 2014, the Cabinet also noted the recommendations for long term housing investment made by Savills UK, and instructed the Strategic Director of Housing and Community Services to further develop the investment plan and take appropriate action to build up the necessary development capacity to deliver the plan. Work is under way to progress the development of the new 30 year housing strategy, the 30 year asset management strategy and delivery of new homes into a consolidated approach.
7. Multi disciplinary consultancy services and construction works for Phase 1 (a&b) were procured through the Improvement and Efficiency South East i/ESE/ Government Procurement Services (GPS) consultancy and construction framework arrangements.
8. Consequently phase 1a and 1b consisting of 10 sites are currently underway and in various stages of development. The main scheme at Willow Walk is currently on site; planning approval has been obtained for three of the phase 1b sites and is currently being sought for the remainder. All phase 1b schemes are scheduled to start on site mid 2014.
9. On 22 October 2013 cabinet agreed in principle that the schemes listed in paragraph 45 of the Direct Housing Delivery phase 2 report are worked up in accordance with the individually identified recommendations as Phase 2 of the overall programme for direct delivery of new council housing on council owned sites. A table of the phase 2 sites is attached at appendix 1.
10. Following on from the approach taken in phase 1, the community and economic benefits of the programme such as the provision of employment and training opportunities for local residents will be an integral part of the delivery of phase 2 schemes.

11. It is proposed that phase 2 schemes are packaged as follows:
 - Phase 2a – Joseph Lancaster Nursery annexe, Canada Estate site, Daniel’s Road site and the site of the former library at Albion Street.
 - Phase 2b – Weston St garages, Colombo St, Goschen Est sites, Pelier Street, 95a Meeting House Lane, Welsford Street garages, Lugard and Fenham Road garages, Tenda Road car park, 35-41 Nunhead Lane, Kinglake St garages and Commercial Way (see appendix 1).
12. The proposed procurement strategy is to establish separate arrangements to achieve a consolidated approach.
13. Phase 2a consultancy works are to be delivered separately through an existing procurement arrangement i.e. a suitable internal or external framework arrangement or through use of the councils approved list. These services are being procured in this way to enable an early start on these projects.
14. The newly established consultancy and construction frameworks as outlined in this report will be utilised to deliver:
 - Phase 2a – Construction works
 - Phase 2b – Consultancy Services and Construction works.
15. The estimated value of the various phases are outlined below:

Phase	Estimated fees – consultancy services	Estimated value of construction works
Phase 2a	£2.1m*	£21.0m
Phase 2b	£4.2m	£43.3m

Note:

A – *Phase 2a consultancy works are to be delivered separately.

B - The estimated professional fees are based on 10% of the estimated value of the construction works.

C - The build costs are based on an estimated unit cost of £200k per unit in each phase as outlined in appendix 1.

16. This report therefore seeks approval to procure consultancy services and construction through the establishment of two framework arrangements.

Summary of the business case/justification for the procurement

17. In October 2012 Cabinet agreed in principle to the council’s directly funded housing delivery programme and the provision of new affordable homes in the borough within the financial limits and eligibility criteria for the affordable housing fund as set out within that report and the council’s planning policy agenda.
18. On the 22 October 2013 Cabinet considered a report outlining phase 2 of the programme and agreed in principle to the further development of 18 sites earmarked for inclusion in this phase, as referred to in paragraph 9.
19. The following services are required in order to progress these sites from design to completion:

- Consultancy services to include lead consultant, architecture, civil engineering, building services, structural engineering, landscape architecture, cdm coordination and sustainability assessment, quantity surveying and other professional services as required.
- Construction - Enabling works such as demolition, utility surveying and disconnection, asbestos surveying and removal; pre construction works including development of design beyond initial design stages and tendering and main construction works.

Market considerations

20. The UK construction industry has experienced an upturn in construction activity in London and the South east since the procurement of construction services for phase 1b, particularly in the house building sector which has led to signs of overheating in the industry. This could inevitably lead to a reduction in the interest and capacity of the larger house builders in the long run. We therefore seek to reach a range of construction companies through the establishment of a construction list which would alleviate some of the affects of this.
21. Another consequence of the overheating of the industry is the likely uplift in build costs and values of the end product. Experience of the development and design of phase 1 schemes has revealed an increase in build costs over time, which has in turn led to an overall increase in professional fees which are based on a percentage of scheme cost.
22. An increase in the value of completed units for sale would be beneficial for the private units being constructed for sale via the programme. This could attract house builders with development arms with an interest in taking a lead developer role.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

23. Contractors appointed to complete phase 1a and 1b enabling works; pre construction works and main construction works were procured via the iESE/GPS contractor framework.
24. The consideration of the procurement arrangements for phase 2 provides the opportunity to review the approach taken thus far and to build on the lessons learnt. It also provides the opportunity to consider a longer term solution going forward.
25. The use of external framework arrangements thus far has allowed the council to build momentum and to begin development of phase 1 of the programme in a relatively short timescale. However this approach is limited by the availability and suitability of such frameworks and the constituent suppliers and the fact that these would not have been awarded or designed to deal specifically with Southwark's requirements. The establishment of two new tailor made framework arrangements with a four year life will ensure access to multi disciplinary professional services and construction from a range of organisations with sufficient experience and capacity to deliver phase 2 and future phases of the Direct Delivery programme as well as other wider council requirements and more

closely meet the Council's needs, and increase assurance around the delivery process.

26. The estimated value of delivering further tranches amounting to 1,250 council homes and 200 private homes required through planning policy, and meeting other requirements beyond the Direct Delivery Programme is £320m.
27. The sole use of external framework arrangements for phase 1 has resulted in a primarily project management led programme rather than one which is design led by architects, even though in the stages leading up to planning consent, design work is at the core of the process. It is considered that the Council's requirements can be more readily achieved by placing the design and coordination function at the forefront of the process; therefore it is proposed that the newly established Consultancy Framework providing multi disciplinary services is structured to enable the formation of a design led team from the outset; in order to ease the transition from the initial design stage through to construction. This will also allow for the possibility of the novation of the initial architect to the contractor, where this is considered to be of advantage to the council in terms of securing quality assurance in the construction process.
28. It is anticipated that the construction framework agreement will attract a range construction companies of varying sizes, including locally based companies with the capacity and experience to deliver an entire lot or a small scheme within a lot.

Proposed procurement route

29. The proposed procurement route for phase 2b and future phases of the programme is to establish two new framework arrangements procured in parallel to the arrangements for phase 2a via the European Union Restricted Procedure. This is to cover both the technical services and the construction works to support the delivery of the programme. The services framework will be sub divided into lots to cover the full range of technical disciplines required. The quantity surveying services will be separated out to ensure there is no conflict of duties in this area. The construction framework will be sub divided into a minimum of two lots covering larger and smaller packages of work. The detail of the framework lots are currently being developed and the Project Board (Chaired by the Director of Regeneration) will approve the detail.
30. It is anticipated at this stage that the Consultancy Framework will consist of 2 lists but it is proposed that the detail of the structure of the framework (and evaluation methodology) is agreed by the Project Board before expressions of interest are sought once a future analysis of the best structure for the framework is considered. This framework will provide access to the following services:
 - i. Lead consultant
 - ii. Architect
 - iii. Building Services Engineers
 - iv. Structural Engineers
 - v. Landscape Architects
 - vi. Civil Engineering
 - vii. CDM Coordinator
 - viii. Code for Sustainable Homes

31. It is anticipated that the framework will also consist of practices that are able to provide Quantity Surveyor (QS) services for two functions. The first is acting as independent cost consultancy adviser. The QS will be required to act independent cost consultants and be able to offer strategic cost advice and market intelligence.
32. The secondary role will be to act as employer's agents providing supervision for the council's interests post contract in terms of contract administration and cost management.
33. Multi disciplinary practices will be permitted to submit proposals for both the lead consultant role and the quantity surveying role but can only be appointed to one or the other.
34. The provisional construction values for the Consultancy framework for services provided will be based on a fee value above or below £500,000. The breakdown of fee percentage is to be based on RIBA work stages as set out in the RIBA Plan of Work.
35. It is anticipated at this stage that the Construction framework will consist of 2 lists, but it is proposed that the detail of the structure of the framework (and evaluation methodology) is agreed by the project board before expressions of interest are sought once a future analysis of the best structure for the framework is considered. This framework will provide access to the following works:
 - Enabling works– including demolition; site security such as the installation of hoarding; the detection and removal of asbestos, undertaking underground surveys – subject to the need on individual sites
 - Pre construction works – working up designs beyond RIBA stage D; tendering for works etc
 - Main construction works
36. Pre construction duties will include rates for management fees and rates for the design team. The value of construction work will be based on elements of core costs such as overheads and profit, insurance, management, design team and other appropriate preliminaries items.
37. The establishment of two lists within the construction framework will provide the opportunity for smaller local smaller local construction companies to compete for smaller schemes within the programme.
38. The scope of the council's ambitions is that the formation of the two framework arrangements and the packaging of the scheme will prove attractive to a range of constructors and technical advisers. Particularly as this provides the prospect of longer term involvement with some certainty about scale, enabling resource planning and price efficiency.
39. This procurement strategy is geared to developing robust delivery arrangements primarily through the main exercise of establishing the frameworks. There will be a single Gateway 2 to approve the providers that will appear on the framework, and subsequent Gateway 2 reports to deal with the award of contracts through the framework. To ensure that the framework arrangements are able to put to use as soon as they are available, a range of scheme development activities will be taking place in parallel through the phase 2a arrangements outlined in

paragraph 13. These will be subject of either a number of specific gateway approvals or a single overarching gateway approach with the approval for specific packages delegated to the Project Board.

40. When establishing a framework arrangement it is necessary as part of the procurement process to fully detail any options or additional services/works which might fall within the framework, otherwise any additional use might be subject to procurement challenge. It is therefore intended to note in the OJEU notice that additional services/works might be added to this framework at the future date, subject to approval, details of which are noted in paragraph 3.

Identified risks for the procurement

41.

	Risk	Risk level	Mitigation action
1.	Insufficient skill and expertise in team.	Low	<ul style="list-style-type: none"> • Clear project plan • Range of training and use of expert advice /training, • range of individuals in team at peak times • overall organisation and monitoring requirements
2.	Insufficient market interest	Low	<p>Undertake market analysis to ensure sufficient capacity for services and construction and validate attractiveness.</p> <p>Advertise widely emphasising council's commitment to long term delivery and range of opportunities available.</p> <p>Hold bidders' days</p>
3.	Delays in the procurement process affect framework start dates	Low	<p>Ensure access to expert advice on framework creation in early stages.</p> <p>Tailor exercise to meet objectives of flexibility in delivery, but with an efficient procurement structure.</p> <p>Make sure sufficient officers are allocated to workload.</p> <p>Careful forward planning of processes.</p>
4.	Tender process does not result in good VFM outcome.	Low	<p>Demonstrate existence of clear client requirements, to minimise need for in-contract variations. Set clear standard of VFM requirements.</p> <p>Communicate VFM standards clearly to renderers from outset.</p>

	Risk	Risk level	Mitigation action
			Robust criteria process for evaluation submissions against VFM criteria.

Key /Non Key decisions

42. This is a key decision.

Policy Implications

43. The new homes delivered through phase 2 of the Direct Delivery Programme are in line with the council's principles and vision for a new housing strategy which is aimed at increasing the availability, affordability and quality of homes in the borough and will assist in contributing to the following targets:

- Policy 5 of the Core Strategy sets a housing target for the borough of 24,450 net new homes between 2011 and 2026 (1,630 per year).
- The London Plan sets the borough a housing target of 20,050 net new homes between 2011 and 2021 (2,005 per year).
- Core Strategy policy 6 sets an affordable housing target of 8,558 new affordable housing units between 2011 and 2026.

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Forward Plan (if Strategic Procurement)	01/01/2014
DCRB/ CMT Review Gateway 1	03/03/2014
CCRB Review Gateway 1	06/03/2014
Notification of forthcoming decision –despatch of Cabinet agenda papers	11/03/2014
Approval of Gateway 1: Procurement strategy report	18/03/2014
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	02/04/2014
Issue Notice of Intention	N/A
Completion of tender documentation	28/07/2014
Advertise the contract	01/08/2014
Closing date for expressions of interest	02/09/2014
Completion of short-listing of applicants	03/10/2014
Invitation to tender	16/10/2014
Closing date for return of tenders	25/11/2014
Completion of any interviews	02/02/2015
Completion of evaluation of tenders	26/02/2015
Issue Notice of Proposal	N/A
Forward Plan (if Strategic Procurement)	01/12/2014
DCRB/CMT Review Gateway 2:	09/03/2015
CCRB Review Gateway 2:	26/03/2015
Notification of forthcoming decision – despatch of Cabinet agenda papers	10/04/2015
Approval of Gateway 2: Contract Award Report	16/04/2015
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	27/04/2015
Alcatel Standstill Period (if applicable)	08/05/2015
Contract award	11/05/2015
TUPE Consultation period	N/A
Place award notice in Official Journal of European (OJEU)	18/05/2015
Contract start	11/06/2015
Contract completion date	10/06/2019
Contract completion date – (if extension(s) exercised)	N/A

TUPE/Pensions implications

44. Not applicable

Development of the tender documentation

45. A project team will be established to develop the full suite of tender documentation. This will include a clear definition of the Council's requirements for each site. In addition to the tender documentation, the project team will develop detailed guidance and procedures for the operation of the framework once it is up and running. This may include the use of mini competitions or direct call off or a combination of the two. The Project Board will approve all documentation in relation to the tender and the operation of the framework before these are issued to the bidders.

Advertising the contract

46. The proposal to establish two new LBS frameworks providing multi disciplinary professional services and contractor services will be advertised through Official Journal European Union and where applicable in local publications.

Evaluation

47. Expressions of interests received in relation to the Consultancy Framework will be evaluated by an internal officer team and short listed based on their economic and financial standing, technical ability and capacity as well as health and safety; previous relevant experience and deliverability; design experience and reference.
48. Short listed organisations will then be invited to tender for inclusion on the Consultancy Framework.
49. It is anticipated that Tenderers for consultancy services will be evaluated as follows with specific details to be agreed by project board. Price fee schedules will be required for each bandwidth of construction value and provide time charge rates in case of undefined services. These will be broken down by professional discipline. The evaluation of the price will be based on a pricing model that reflects the profile of the anticipated programme. A standard approach to converting tender prices into points will be adopted in consultation with the corporate procurement team.
50. The evaluation criteria will be finalised by the project board but it is anticipated that the following will be included:
- Programme understanding
 - Design strategy and approach (including previous experience)
 - Interface with Stakeholders
 - Employment and training strategy
 - Resource strategy
 - VFM approach
51. Expressions of interests received in relation to the Construction Framework will be evaluated by the project team and short listed based on their economic and

financial standing, technical ability and capacity as well as health and safety; previous relevant experience and deliverability; design experience and reference.

52. Short listed organisations will then be invited to tender for inclusion on the Construction Framework.
53. It is anticipated that tenderers for construction works will be evaluated as follows with specific details to be agreed by project board. Contractors' core costs will be applied to a pricing model that reflects the profile of the anticipated programme. A standard approach to converting tender prices into points will be adopted in consultation with the corporate procurement team.
54. The evaluation criteria will be finalised by the Project Board but it is anticipated that the following will be included:
 - Approach to collaboration
 - Relevant previous experience
 - VFM approach
 - Quality interface
 - Employment and training strategy
 - Approach to Stakeholder management
55. The selection panel will comprise the following officer representation from the Chief Executive's department.
 - Head of Regeneration- Housing Regeneration & Delivery,
 - Housing Supply Manager, Housing Regeneration and Delivery
 - Housing Investment Manager, Housing Regeneration and Delivery
 - Project Director, Project Services Delivery, Property Services (acting)
 - Project Manager, Project Services Delivery Team, Property Services
56. Once appointed to the frameworks, selection of those organisations on either of the framework lists for individual project commissions will be made primarily through further mini competition with a price and quality assessment. It is envisaged that in some cases, direct awards may be made subject to price and quality testing, for example where a continuation package is justified in a particular scheme.

Community impact statement

57. Southwark is a borough with high levels of deprivation, low median income levels, and high levels of housing need. Southwark's Housing Strategy 2009-2016 identified that there is a shortage of affordable housing in the borough, particularly of larger homes. Households from black and ethnic minority ethnic communities tend to be over-represented among those living in overcrowded, poor quality housing.
58. The cabinet recently agreed a new vision for a new thirty year housing strategy for Southwark for the period 2015-2045. This includes a principle to "use every tool at our disposal to increase the supply of all kinds of homes across Southwark."

59. The proposals to increase the supply of affordable, good quality homes will benefit households in need from all Southwark communities, and will increase the housing options available for older people and people with disabilities living in Southwark.
60. Those living in the vicinity of the new developments may experience some inconvenience and disruption in the short term, while works are taking place but such communities as a whole will benefit in the longer term from the provision of new homes. In local areas, the effects will be eased, in part by working closely with residents on the delivery process and also through the specific planning requirements to mitigate the effect of development in that local area.
61. In formulating these proposals, officers should have due regard to the requirements of the Public Sector Equality Duty under the Equality Act 2010 as should the decision makers as the process unfolds.

Economic considerations

62. The design briefs for the new homes have been developed in consultation with '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, easy to maintain with low running costs.
63. The successful professional services consultant and works contractors will be expected to deliver direct benefits to the local community and local residents. It is proposed that these benefits will be delivered through some or all of the following possible means:
 - Supply chain and procurement with local businesses;
 - Use of local labour and training initiatives, including a construction employment, skills and training scheme linked to the council's Building London Creating Futures Programme, which aims to match local residents with construction vacancies especially where these are linked to key development sites and regeneration activities;
 - A commitment to construction apprenticeships in proportion to the size and scale of the development; and
 - Corporate social responsibility and sustainability

Social considerations

64. The new housing will provide high quality affordable housing for local people in need of accommodation from the council's housing register.
65. The appointed contractors will carry out the works under the Considerate Contractor Scheme, which seeks to minimise disturbance and disruption in the locality during the construction phase.
66. The appointed professional services consultant and works contractors will pay their employees and sub-contractors not less than the current London Living Wage levels. The Direct Delivery 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. It is a natural expectation that the

payment of the London Living Wage, as an established council priority should be a prerequisite.

Environmental considerations

67. The Code for Sustainable Homes requirement will cover the construction process as well as design and specification and will set targets for minimising the adverse environmental impact of carrying out the works for each project.
68. The project briefs prescribe materials and components to be specified for the works. In terms of excluded construction materials, good practice is to be adopted.
69. A low energy, efficient and cost effective building engineering services design brief that keeps running costs to a minimum, will be an essential component of the project brief.

Plans for the monitoring and management of the contract

70. Arrangements for the management of the framework will be agreed by the Project Board (for procurement). The Project Board chaired by the Director Regeneration will consist of officers from the relevant departments including representatives from legal, finance and procurement. It is proposed that the arrangements for the Phase 1 will be replicated i.e. enabling and client oversight from Housing Regeneration & Delivery with project management by Capital Projects (both in Regeneration division).
71. As before this will include the establishment of a client project team to scrutinise and review progress. This will include monthly review of progress within the contract/s including costs, programme and quality.
72. The client officer team will use a range of mechanisms for monitoring and managing the financial and programme performance of the contact/s including:
 - i. A strategic cost plan
 - ii. Monthly financial statements by the quantity surveyor/contractor
 - iii. Monthly appraisals of progress against contract programme
 - iv. Monthly progress reports by the lead consultant; other design consultant and contractor
 - v. Monthly site meetings
 - vi. Risk and issue logs
73. Overall governance of the programme will be provided by the Programme Board in the form of the existing Housing Investment Board whose core membership is the Strategic Director of Housing and Community Services, the Strategic Director of Finance and Corporate Services and the Director of Regeneration.

Staffing/procurement implications

74. The project will be resourced by existing staff, within existing budgets. Officer time relating to the management of this project is funded from existing revenue budget resources.

Financial implications

75. The majority of these costs are expected to be funded from a combination of S106, capital receipts and grants. All funding will need to be confirmed prior to the award of contracts and other commitments.

Legal implications

76. Please see concurrent from the Director of Legal Services

Consultation

77. Consultation will be undertaken with tenant and resident associations and any other neighbouring stakeholders before design proposals are finalised. A thorough consultation exercise with local residents and T&RAs will be carried out throughout the design and the planning process. This will include a letter/leaflet drop, laminated notices, public meetings and open events. Additionally, the council will seek to consult with housing area management teams, a number of registered providers and private landlords.

Other implications or issues

78. There are no other relevant implications or issues.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

79. This report is seeking to set up framework arrangements covering technical services and construction works to support the delivery of directly funded housing programme. Whilst these frameworks are intended primarily to support phase 2 of the programme, approval is also being sought to build in capacity to accommodate future phases and wider council requirements, should this need arise during the life of these arrangements.
80. The report confirms the on going need for support to be provided to the programme. Earlier phases have been supported by providers that were secured through external frameworks. Whilst this helped the programme gather momentum, officers have acknowledged that setting up Southwark specific frameworks will provide better focus on the councils needs and increase assurance around the delivery of the programme.
81. The detail of the procurement strategy e.g. the framework structure, operating rules and approach to evaluation is yet to be finalised. The report confirms however the governance arrangements that will be in place to support this procurement. A project board will oversee the project and also make the necessary decisions in relation to the operation of the framework. This will help ensure that the frameworks are set up to effectively meet the council's specific requirements.
82. The timeline for the procurement appears achievable provided adequate and appropriate resources are available when required. The project board, in overseeing progress of the procurement, will help ensure the procurement remains on target and is delivered on time.

Director of Legal Services

83. This report seeks the cabinet's approval to the procurement strategy for the directly funded housing delivery for phase 2 to establish 2 frameworks, as further detailed in paragraphs 1-3. As this is a strategic procurement (having an estimated contract value of over £15m for works and £4m for services) then the decisions to approve the procurement strategy is reserved to the cabinet.
84. The nature of the services and works to be procured are such that they are subject to the full tendering requirements of the EU procurement Regulations. As noted in paragraph 29, it is the council's intention to follow a full EU restricted procedure, so this requirement is met. It is proposed that 2 frameworks of providers (one for consultancy and the other for works) are established. However as these services/works are governed by EU procurement regulations the council must ensure that the procurement and later management of those frameworks is undertaken in accordance with the additional requirements of regulation 19 of the Public Contract Regulations 2006 which govern frameworks. This report confirms that the framework period will be for 4 years, which is the maximum permitted, and that the framework agreement will set out specifically how later call offs for individual pieces of work will be undertaken. A project board is to be established which will agree the detail of the procurement, and officers from legal services will continue to advise the project board and team as required.

Strategic Director of Finance and Corporate Services (FC13/099)

85. This report seeks cabinet approval to a procurement strategy that will set up framework arrangements for consultancy services and construction works to support the delivery of phase 2a and phase 2b of the directly funded housing programme. The financial implications are contained in the body of this report.
86. Phases 2a and 2b of the direct funded housing programme are contained within the council's capital programme. Prior to the award of any contract officers must ensure adequate funding is available. Progress will be reported through the regular capital budget monitoring reports to cabinet.
87. The strategic director of finance and corporate services notes the strategy to establish a framework arrangement will seek to achieve best value and not expose the council to financial risk as there will be no minimum contract levels. The cost of resources to implement this contract will be contained within current budgets.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Cabinet paper 22 October 2013 - Direct Housing Delivery: Phase 2	Southwark website	Tim Bostridge Housing Regeneration and Delivery, Regeneration 160 Tooley Street
Link http://moderngov.southwark.gov.uk/documents/s41478/Report%20Direct%20Housing%20Delivery%20Phase%202.pdf		

APPENDICES

No	Title
Appendix 1	Table of Proposed Phase 2 sites

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy.	
Lead Officer	Stephen Platts, Director of Regeneration	
Report Author	Sonia Hamilton, Investment Strategy Manager	
Version	Final	
Dated	7 March 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	No
Head of Specialist Housing Services	No	N/a
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		7 March 2014