

-Item No.	Classification: Open	Date: 21 May 2015	Decision Taker: Cabinet Member for Regeneration and New Homes
Report title:		Gateway 1 Professional Services (Architect) for the New Homes Delivery programme	
Ward(s) or groups affected:		All	
From		Strategic Director of Housing and Community Services	

RECOMMENDATIONS

That the Cabinet Member for Regeneration and New Homes:

1. Approves the procurement strategy as outlined in paragraphs 41-44 of this report, for Phase 2 and future phases of the New Homes Delivery Programme, using Major Projects Panel Peabody (Services) Limited Consultants' framework agreements and the Hyde Group consultants' framework for provision of Architectural Services for the life of the frameworks.
2. Approves entering into joining agreements with the Peabody and Hyde and paying the required fee of £5k each for use of the framework in paragraphs 52 and 57.
3. Approves the active promotion of the council's works approved list to new and emerging, small and medium sized architectural practices to increase the pool of potential partners for new council housing development outlined in paragraphs 58 and 59.
4. Approves the use the council's works approved list for procurement of architectural services where appropriate as noted in paragraphs 58-59.
5. Note that the packaging of schemes and procurement route of each package will be approved by the Head of Major Works and New Homes Delivery as outlined in paragraph 60.
6. Notes that the gateway 2 approvals to enter into contracts for the individual schemes for phase 2 and future phases will be approved by the Strategic Director of Housing and Community Services in line with contract standing orders. The total value of all contracts for those individual schemes is estimated to be £3m.

BACKGROUND INFORMATION

7. This procurement strategy relates to the council's 11,000 new homes programme. The initial target of which is to build 1,500 new homes by 2018.
8. Consultancy services and constructors to deliver the initial phase of 9 sites were procured through the Improvement and Efficiency South East (iESE) construction and management framework arrangements. Eight of these developments are on site and due to complete in early 2016. Construction works to the remaining site at Sumner Road is due to start on site in mid 2015.

9. In October 2013 Cabinet agreed in principle that additional sites noted as Phase 2 (paragraph 6) were to be worked up as part of an overall programme for direct delivery of new council housing on council owned sites.
10. A further report to cabinet in December 2014 provided an update on the proposed pipeline for the delivery of 1,500 new council homes by 2018 and noted additions to the Phase 2 programme. The report also addressed the potential procurement route going forward, acknowledging that whilst a previous decision to establish a bespoke framework agreement to deliver the councils programme would offer control and long term partnering arrangements; this could take approximately 12-18 months to set up and could not be relied on to meet shorter timescales. The current proposed route therefore is to utilise an existing OJEU compliant framework available for use by local authorities.
11. The proposed procurement strategy outlined in this report relates to 13 of the sites listed at appendix 1, and future schemes that are agreed by Cabinet. A capacity study has been undertaken for each of the Phase 2 sites, with guidance from the in-house planning consultancy throughout the process.
12. The estimated value of services arising from Phase 2 procurement is £1.5m. This is based on a preliminary assessment of 359 units being constructed by the council in Phase 2.
13. Future phases
It is proposed that future phases for which architectural services are required are included in this procurement proposal for the life of the frameworks referred to in paragraphs 41-44. The sites within any future phases will be packaged up, for procurement using one of the frameworks or the council's works approved list. As noted previously, the packaging will be approved by the Head of Major Works and New Homes Delivery.
14. The likely scale and value of future phases is likely to be similar to Phase 2, so delivering around 350 units, with a procurement value for architectural services of £1.5m.
15. Detailed information about the frameworks is outlined in paragraphs 45-57.
16. A separate report seeking approval for the use for the procurement strategy of Peabody and Hyde frameworks to procure Employers Agent Services for the same programme is being sought simultaneously.

Summary of the business case/justification for the procurement

17. The council has committed to the delivery of 11,000 new homes programme by 2043. The initial target is to build 1,500 new homes by 2018. This procurement exercise will build on the progress made in phase 1 which will deliver 318 units, enabling the progression of a further 13 sites with the potential to deliver 359 new homes.
18. In October 2013 Cabinet agreed in principle that a number of sites noted as Phase 2 were to be worked up as part of an overall programme for direct delivery of new council housing on council owned sites.

19. The initial approach to the procurement of consultancy services as agreed by cabinet in March 2014 was to create two bespoke frameworks specifically for the purposes of delivering the council's Direct Delivery Programme. A report to cabinet in December 2014 which provided an update on the proposed pipeline for the delivery of 1,500 new council homes by 2018, addressed the procurement strategy going forward, acknowledging that the previous decision to establish a bespoke framework agreement to deliver the council's programme could take approximately 12-18 months to set up and could not be relied on to meet shorter timescales. The current strategy as outlined in this report is to utilise existing OJEU compliant frameworks available for use by local authorities.

Market considerations

20. The main procurement route for securing architects to work on a programme of development opportunities is developing a framework using OJEU procurement process or using an existing framework that is already in place and has been through the OJEU process, and is available for use by local authorities. Using a recently procured framework in a competitive market means the council should benefit from competitive rates, without having to undergo a 12-18 procurement process to develop a bespoke framework. This will allow the council to deal with organisations who have been tried and tested in this field and possess a wealth of experience in the affordable housing sector.
21. The council are of the view that the service providers on this framework are the appropriate players in their field based on initial market testing with a number of social housing providers in local authorities and registered providers.
22. Using an existing framework does not preclude individual direct procurement for schemes using the council's approved works list where appropriate to provide the opportunity for smaller practices and ensure a variety of delivery options.
23. With significant growth in the construction market in London there is competition for consultancy services. However, given the scale of Southwark's ambitious housing building programme, many practices see working on the developments as an attractive opportunity and therefore using either framework or direct procurement the council should secure practices with the necessary capacity and skills.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

24. As outlined in paragraph 10 a report to cabinet in December 2014 noted that establishing a bespoke framework agreement to deliver the council's programme could take approximately 12-18 months to set up and would impact on the ability to meet the target of delivering 1500 new homes by 2018. The council therefore considered the following options:

The London Borough of Lewisham Framework Agreement for Construction Related Consultancy Services.

25. The LB Lewisham Framework Agreement for Construction Related Consultancy Services is available for use by other Councils within the South East London Procurement Group. It runs for a period of 4 years from 30 April 2012. It is broken down into 22 lots that include Architect Led Multi Disciplinary Team and Architect lots.

26. To access the framework documents the Council would need to enter into a confidentiality agreement with the LB Lewisham and there is a joining fee which amounts to £1,000 per annum.
27. This framework offers a smaller pool of firms than the Peabody or Hyde frameworks outlined below. The list was not constructed to focus on new housing, but covers a wide range of building uses, such as libraries, schools and health centres. Therefore a number of the practices have either a limited or no experience of designing affordable housing. Also, the framework ends in 2016, so would only be of benefit for Phase 2, and no future phases.

GLA Architect Design and Urbanism Panel (ADUP) – Lot 2: Architecture.

28. This framework has been established by the GLA, and contains a range of multiple suppliers, within 14 distinctive categories. Its aim is to provide the highest quality architecture and sustainable development. A key purpose of ADUP is to increase efficiency and reduce the costs of procurement by pre-qualifying suppliers that meet OJEU compliancy. The ADUP is managed jointly with GLA and Transport for London and has a total of 83 consultants. There are 23 consultants divided into two lists that can be utilised Architecture (lot 2) and Site Master Planning and Development Feasibility (lot 3). The framework runs for a period of 3 years from February 2014, with an option to extend for an additional year.
29. The GLA actively encourages use of the framework to prepare tenders to their London Development Panel Framework and, as such, the firms understand the work required and the contract requirements.
30. It is our understanding that this framework was aimed at mixed use regeneration projects and therefore not as suitable for the predominantly housing projects that form the majority of the New Homes Delivery programme. In addition, procurement strategy for the consultancy services for the Southwark Regeneration in Partnership Programme approved by the Chief Executive in January 2015 included for the use of this framework. Therefore, this will provide an opportunity to assess the performance and suitability of the framework in comparison to those recommended in this report and informs procurement for both programmes going forward.

London Borough of Southwark Major Work's Professional Technical Services Contract

31. The council's Major works team currently manage two long-term agreements for consultancy services with Calford Seaden currently managing around 90% of the programme and Potter Raper around 10% of the programme. Both are multi-disciplinary project management firms and although the agreements were primarily let for refurbishment works, it does allow for new build series. However, both contracts have been let to their capacity and have no further headroom.

Council's Works Approved list

32. The list is divided into two main categories local and regional. Suppliers are listed with regard to their overall status, size and performance of service. Due to the values of the potential appointments as noted in paragraph 10 and the need for a consistent approach across the programme, it would not be appropriate to use the list to appoint on a scheme by scheme basis, but using the list to procure architects for

individual schemes, where appropriate, will remain an option. This approach would be unlikely to extend beyond 10% of the overall programme and the values of the appointment of architects would mean the appointment would be by the Strategic Director of Housing & Community Services, in accordance with contract standing orders. This approach is likely to apply to small scale schemes where a more innovate and local approach is required, such as those in conservation areas.

33. The council's work approved list is a list containing construction related contractors and consultants vetted to the council's standards and technical capability, including financial, equality and health and safety assessments. An approved list company gives assurances to the council that a minimum standard has been met, and saves firms from having to reapply for contracts to meet that standard.
34. The advantage of being on the approved list is that companies can be contacted and invited to tender for individual schemes. Companies that wish to be included on the list are required to complete a questionnaire. Once that questionnaire has been evaluated and approved, companies can be included on the list and their details available online for staff procuring contracts.
35. The council's works approved list accreditation system also enables the council to attract the interest of small to medium sized companies who may feel excluded from large-scale contracting processes by virtue of their size or experience

In-house Consultancy Team

36. The development of an in-house specialist consultancy team necessary to deliver the scale of programme required would require business growth to be approved and for a full scale recruiting process to be undertaken as the required skills, experience and expertise are not available within the organisation. This process would take between 6-12 months and even then the team would be on a steep learning curve.

Peabody (services) Limited Framework

37. The Peabody Trust is a Registered Provider (RP) with long term experience and a successful track record of developing both affordable and private housing including in Southwark. They are one of the boroughs RP preferred partners. They procured the framework specifically for the provision of housing, with a focus on affordable / social housing. The majority of the consultants on their list have significant experience of working on housing schemes.
38. As the framework was recently provided the rates achieved reflect the current market conditions and deliver value for money.

The Hyde Group Construction Consultant Frameworks

39. The Hyde Group is also a RP that has a successful track records of developing both affordable and private housing, including being successful partners with the council in the regeneration of Bermondsey Spa. They are also one of the borough's preferred RP developers. As with Peabody, they procured the framework to focus on the design and delivery of both affordable and private housing, and a key factor in selection was having a successful track record of designing affordable housing.
40. As with the Peabody Framework, the framework procurement has just completed and therefore the rates reflect the current market conditions.

Proposed procurement routes

Framework Approach

41. The proposed procurement strategy is to utilise two existing framework agreements contracted by Peabody and the Hyde Group to procure architectural services for the majority of the sites in Phase 2 and future phases which come on stream within the life of the frameworks. The use of these frameworks is not exhaustive and could be utilised throughout the council for the wider delivery of new homes. The council is permitted to utilise both frameworks as local authorities are referenced as a purchasing authority in the OJEU notices.
42. Given the scale of the programme, it would be advantageous not to rely on one framework, but to spread the programme over the two, with the programme split on approximately a 50/50 basis. This also enables a wider choice of practices to select from, and for benchmarking to be carried out to assess which framework is offering best value and quality. As a consequence this data can influence the procurement decisions going forward, in particular which framework is offering best value.
43. In both cases, it is proposed that the selection process follows the same pattern. An expression of interest would be issued to all the consultants on the chosen framework, inviting them to bid for a package of schemes, and a shortlist then drawn up and a mini-competition undertaken. The selection would be based on the assessment of their submission and a clarification session on the basis of 50% quality and 50% cost.
44. The architects would then develop the schemes to RIBA stage 3 and secure planning consent. Each scheme will then be reviewed to assess whether it is appropriate to develop the design further to RIBA stage 4 and if there would be a benefit to the scheme of novating the architect to the design and build contractor.

Framework 1 - Peabody's Major Projects Panel Consultant's Framework

45. This framework has a four year life, which commenced on 1st October 2014 and is due to terminate on 30 September 2018. The selection of practices was based on an evaluation of 30% cost and 70% quality.
46. This framework allows for the appointment of 9 architectural practices in the role as a lead designer. The framework allows for architects to be appointed pre contract up to RIBA Stage 4 and are then novated to the contractor at the discretion of the employer. As noted in paragraph 43 the option to take the scheme to RIBA stage 4 and novation of architects is retained. A list of the architects is attached as Appendix 2.
47. The framework is banded according to value. The contract value bands range from £150,000 to £20,000,001 and above, with standard fees for each consultant based on the value of the works contract. The nine architectural practices are represented in each banding. The fees are considered to be competitive and represent value for money.
48. Contract awards via Direct Call-Off Award Criteria can be made by Peabody based on the following criteria.
 - Distribution of work amongst panel

- Ability to resource
 - Suitability for site – size/scope/complexity
 - Suitability for site – planning/historical/specialism
49. Alternatively the council have the option to award a Call Off contract following a mini competition open to all practices on the framework. As noted in paragraph 40 this will require interested parties to submit an Expression of Interest, after which practices will be shortlisted and invited to take part in a mini competition. The selection would be based on the assessment of their submission and a clarification session on the basis of 50% Quality and 50% cost, which would be replicated in the selection criteria from the Hyde Framework, outlined below. The framework allows for the council to use this process and vary the selection criteria from 70/30. The council would expect a reduction in Peabody's fee percentage as the council will appoint to Stage 3 and place a greater emphasis on cost in the selection process.
50. Following which a practice(s) will be appointed to take each scheme forward to planning stage. Additional detailed design services may be required thereafter, following which a contractor will be appointed to Design and Build the development.
51. Peabody requires a fee of £5k for using the framework for unlimited call off of consultants for the life of the framework.

Framework 2 – The Hyde Group Architectural Services Framework

52. This framework has a 3 year life terminating in 2017 with the option of an extension of 12 months. The selection process for architects was based on an evaluation of 50% cost and 50% quality.
53. The framework consists of two lots. Lot 1 has a value range of estimated works costs from 0 up to £3m and Lot 2 a value range of £2m plus. The fee scales vary depending on the value of the schemes and are considered to be competitive and represent value for money. The payment of fees will be apportioned as follows
- 75% upon submission of planning approval
 - 25% upon planning approval.
54. There are 14 architectural practices across the two lots providing general architectural services including acting as the lead designer from RIBA stages 0 through to 3. As noted in paragraph 44 the option to take the scheme to RIBA stage 4 and novation of architects is retained. The list of the architects, in each lot is attached as Appendix 2.
55. Contract awards via Direct Call-Off Award Criteria are made by Hyde based on the following criteria.
- Distribution of work amongst panel
 - Ability to resource
 - Suitability for site – size/scope/complexity
56. The council have the option to award a Call Off contract following a mini competition open to all practices on the framework. This will require interested parties from the appropriate lot to submit an Expression of Interest after which practices would be shortlisted and invited to take part in a mini-competition. The selection would be based on the assessment of their submission and a clarification session, with the

final assessment being calculated on the basis of 50% cost and 50% quality. A practice(s) will be appointed to take each scheme forward to planning stage. Additional detailed design services may be required thereafter, following which a contractor will be appointed to Design and Build the development.

57. Housing providers seeking to use the framework are required to sign an agreement with Hyde. Hyde requires a fee of £5k for using the framework for unlimited call off of consultants for the life of the framework.

Individual Selection Process

58. Through the New Homes programme to deliver new council housing, the council has the opportunity to attract new and emerging practices who may wish to tender for standalone schemes, or work in partnership with one of the practices on the Hyde and Peabody frameworks. Inclusion on the council's works approved list, and the fact that these companies have already been accredited, means that they are able to hit the ground running where the council opens up small scale development to mini-competition or requires larger or established practices to work in partnership. The council might choose to do the latter to grow the market for new council house development. To encourage new and emerging practices to come forward for accreditation, officers propose to run an open evening in early summer 2015 setting out the council's plans for direct delivery and explaining how the council's works approved list works. As well as promoting the event on the council's website, officers will write to practices inviting them to attend.
59. The financial value of schemes procured through the council's works approved list route will be below OJEU levels.

Approval of Packages and Procurement Route

60. The packaging of schemes will be based on a number of criteria including; size of development, location and proximity to other developments, complexity of design, and estimated development value, to ensure a fair and equal distribution between the two frameworks as well as considering those schemes suitable for using the council's works approved list approach. The packaging and procurement route for each package will be approved by the Head of Major Works and New Homes Delivery.

Identified risks for the procurement

Risk No.	Identified Risk for both Procurements	Likelihood	Risk Control
1.	There is a low response to expression of interest.	Low	The work the council is seeking to procure will be additional to that initially envisaged when consultants joined the frameworks so will provide additional opportunities. In addition, the size of firms on the frameworks mean there should not be capacity issues.
2.	Quality of submitted tender proposals do not meet the Councils expectations	Low	Ensure comprehensive project briefs that are clear and without ambiguity are developed

Risk No.	Identified Risk for both Procurements	Likelihood	Risk Control
3.	External challenges to the Councils use of these frameworks	Low	Both frameworks are OJEU compliant and fit for purpose
4.	Tenders do not have the relevant expertise to deliver a high standard of service	Low	The frameworks have been recently procured by two very experience RP developers with a track record of delivering high quality schemes and therefore those practices appointed to the framework have been judged to have the relevant experiences and qualities.
5.	Fee proposals exceed budget or do not deliver value for money	Low	The fee rates are current and detailed and affordable when estimated against the programme.

Key / Non Key decisions

61. This is a non-key decision.

Policy Implications

62. The council plan agreed in July 2014 commits the council to a promise of building more homes of every kind, including 11,000 new council homes as part of the overall priority theme to deliver quality, affordable homes. The first 1,500 will be built by 2018

63. The council's long-term Housing Strategy to 2043 was agreed by Cabinet on 27 January 2015. This built on the vision for a new housing strategy as agreed by Cabinet in January 2014 which emerged from the extensive community conversations on the future of council housing following publication of the Housing Commission's report. The Housing Strategy has been designed from the principles and commitments that were agreed by Cabinet in January 2014 in the report "Vision for a new housing strategy for Southwark". The vision consists for four key principles;

- Principle 1 - We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
- Principle 2 - We will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in private, housing association or council ownership.
- Principle 3 - We will support and encourage all residents to take pride and responsibility in their homes and local areas.
- Principle 4 - We will help vulnerable individuals and families to meet their housing needs and live as independently as possible.

64. Under Principle 1('We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark') the housing strategy includes the following specific commitments:

- Building 11,000 new council homes for social rent, and hundreds more to be made available on a shared ownership basis.

- Delivery a mix of homes of different types and sizes, which are accessible and respond to people's changing housing needs over time, through direct provision and in partnership with housing associations.

65. The council has adopted a 'Charter of Principles', governing the approach to engagement on housing investment and renewal, and in particular the delivery of the 11,000 new council homes.

Procurement Project Plan (Non-Key Decisions)

Activity	Complete by:
DCRB Review Gateway 1	20//04/2015
CCRB Review Gateway 1	30/04/2015
Approval of Gateway 1: Procurement strategy report	18/05/2015
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	N/A
Issue Notice of Intention (Applies to Housing Section 20 Leaseholder consultation only)	N/A
Completion of tender documentation	N/A
Closing date for receipt of expressions of interest	05/06/2015
Completion of short-listing of applicants	N/A
Invitation to tender	15/06/2015
Closing date for return of tenders	10/07/2015
Completion of any clarification meetings/presentations/evaluation interviews	27/07/2015
Completion of evaluation of tenders	31/07/2015
Issue Notice of Proposal (Applies to Housing Section 20 Leaseholder consultation only)	N/A
DCRB Review Gateway 2:	*24/08/2015
CCRB Review Gateway 2	N/A
Approval of Gateway 2: Contract Award Report	*11/09/2015
Notification of implementation of Gateway 2 decision.	*18/09/2015

Alcatel Standstill Period (if applicable)	N/A
Contract award	25/09/2015
Add to Contract Register	28/09/2015
TUPE Consultation period (if applicable)	N/A
Contract start	05/10/2015
Initial contract completion date	**30/09/2018
Contract completion date – (if extension(s) exercised)	N/A

*There will be a number of Gateway 2 reports arising from this procurement process. Therefore these dates relate to the initial Gateway 2 report

** This activity schedule shows the potential programme for the procurement approach using the Peabody framework.

TUPE/Pensions implications

66. Not applicable

Development of the tender documentation

67. Project co-ordinators in the New Homes Delivery Team will be responsible for the development of the project briefs, which will form the basis for each lots that will be tendered for Architectural Services. The briefs for each site will include the initial capacity studies and Southwark Design Standards, which is currently being developed and will be completed in time for this procurement process, and any other relevant background information.

68. The documentation for the appointment of each consultant / standard framework agreements under the respective framework will follow the respective templates.

69. The Development Delivery Manager will be responsible for ensuring adequate resource, deliverable objectives and efficient and effective procurement best practice.

Advertising the contract

70. All architectural practices listed in the two frameworks procured by Peabody and the Hyde Group will be approached and given the opportunity to express an interest in tendering for a package of schemes. As noted in paragraph 40, the programme will be split on an approximate 50/50 basis between the two frameworks.

Evaluation

71. The selection process for both frameworks will follow the relevant framework arrangements as set out in their standard procedures and working practices.

72. The selection panel will comprise the following officer representation from the Housing & Community Services department;

- Head of Major Works and New Homes Delivery
- Development Delivery Manager
- Investment Strategy Manager
- Housing Supply Manager

- Project Coordinator (where appropriate)

73. Submissions from those professional consultants out of the panel of firms that submit an expression of interest in being short listed for the mini competition will be evaluated against quality and cost criteria.
74. The three highest scoring professional consultants are short listed to participate in the mini competition, from which the selection will be made.
75. The overall assessment will be based on a quality / price ratio of 50/50 to ensure an equal balance between value for money and quality. In addition, this allows for harmonisation of approach between the two frameworks, and therefore consistency across the programme. Also it increases the focus on quality, whereas the standard approach within Major Works is to assess on 30% quality and 70% price.
76. Interviews will take place with all tenderers in order to clarify points from their submissions. The panel may then moderate their previous scores where appropriate, and one company recommended for appointment.
77. Information on health and safety for the project, as advised by the Health & Safety Manager, will also be requested and checked as necessary to ensure that the council's standards are satisfied prior to making an appointment.

Community impact statement

78. 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.
79. Cabinet recently 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.
80. 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.
81. 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.
82. 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 November 2014.

Sustainability considerations

83. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These issues are

considered in the following paragraphs which set out economic, social and environmental considerations.

84. The councils approach to procurement of design, development and construction process will ensure a requirement to maintain and improve the sustainability of each tendered project.
85. A low energy, efficient and cost effective building engineering services design that keeps running costs to a minimum will be an essential component of the project brief. Key considerations will include;
 - Consideration of whole life-cycle costs
 - Sustainable sourcing
 - Incorporation of environmentally benign heating and lighting provision
 - Provision of facilities and equipment to encourage the re-use and recycling of materials including, where practical, water recycling.
 - Ensuring projects achieve Code of Sustainable Homes criteria or any successor requirement.

Economic considerations

86. 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.
87. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors engaged by the council to provide works or services within Southwark 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. Due to the nature of the professional service being sought those employed will be paid in excess of the LLW .

Social considerations

88. 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.
89. The new rented homes will be let at social rent levels.

Environmental considerations

90. 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.
91. 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.

Plans for the monitoring and management of the contract

92. The project clienting, including the management and administration of the consultant appointments will be run and resourced through the New Homes Delivery Team in the Major Works Division in Housing & Community Services. 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
93. 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 & Community Services.

Staffing/procurement implications

94. The staff resources deployed to this procurement are sufficient to meet the proposed timetable.
95. The project will be resourced by existing staff, within existing budgets.
96. Officer time relating to the management of this project is funded from the capital budgets for the individual projects.

Financial implications

97. The estimated value of professional fees arising from the procurement as described in this report are £1.5m for Phase 2 development programme and an estimated value of £1.5m for future phases. This forecast is based on a preliminary assessment of the number of units to be constructed in Phase 2 which is likely to be mirrored in future phases.
98. New Homes Delivery Programme is currently funded from a combination of Right to Buy receipts, Affordable Housing Fund resources, the Council's own resources and grant from the Greater London Authority.

Legal implications

99. Please see concurrent from the Director of Legal Services.

Consultation

100. As noted in paragraph 82, local residents will be consulted at each stage of the development proposals as outlined in the Charter of Principles agreed by cabinet in November 2014.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

101. This report is seeking approval for the procurement strategy to provide architectural services for the new homes delivery programme via the Major Projects Panel Peabody Consultants' and the Hyde Group consultants framework agreements. For a small percentage of the work and as appropriate, some of the work may be delivered by procuring from providers on the council's works approved list, approval is being sought for this and the promotion of the council's works approved list to increase the pool of potential providers.
102. To enable use of the frameworks, the council are required to enter into a joining agreement for a set fee. The report seeks approval to enter into the joining agreement.
103. The report explains that the new homes programme will be packaged into schemes and this procurement strategy shall relate to any future schemes requiring architectural services throughout the life of the frameworks. Dependent on the packaging of the schemes EU regulations may apply. The frameworks are an EU compliant route for procurement. All of the providers that appear on this framework have been subjected to a full EU procurement process. Only those schemes that fall beneath the EU threshold value can be procured using the council's works approved list.
104. A weighted evaluation model of 50/50 price/quality will be used for both of the frameworks to ensure harmonisation of approach between the two frameworks. The report confirms that the operating rules laid down by the frameworks allow for this model to be adopted.
105. The timeline for this project sets out a plan for the initial scheme as appended to this report. Planning will need to be considered following approval of future schemes.
106. The report confirms that a delivery programme board has been set up to ensure the programme is tracked and successfully delivered. Within these governance arrangements it is important that an appropriate mechanism is in place to decide on the use of the frameworks or approved list for each scheme.

Director of Legal Services

107. This report seeks the approval of and noting by the Cabinet Member to a number of recommendations in relation to the procurement strategy for appointment of architects for the New Homes delivery programme as further detailed in paragraphs 1-6. At a total estimated value of £3m for all phases the approval of the procurement strategy is reserved to the relevant individual decision maker after consideration of the report by the corporate contracts review board.
108. The nature and value of these services are such that they are subject to the full tendering requirements of the Public Contract Regulations 2015 (PCR15).

However, as noted in paragraph 40, it is the council's intention to use 2 existing framework agreements both of which were established following an EU compliant tendering process and established to allow local authorities to use for their own requirements. The tendering requirements of the PCR15 are therefore satisfied. Paragraphs 41-44 of this report sets out a summary of the process to be followed when undertaking further competition through these frameworks. Approval of the identified supplier for each work package following that competition will be through the usual gateway 2 approval process in accordance with contract standing orders.

109. The Cabinet Member's attention is drawn to the public sector equality duty (PSED) under the Equality Act 2010, and when making decisions to have regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity and 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 the elimination of discrimination. The Cabinet Member is referred to paragraphs 78-82 which set out the consideration that has been given to the PSED in the community impact statement.

Strategic Director of Finance and Corporate Services (HCS15/004)

110. The strategic director of finance and corporate services notes the recommendations in this report for the procurement strategy for Professional Services (Architect) for Phase 2 and future phases of the New Homes Delivery Programme.

111. The financial implications identify how the estimated costs will be funded

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Update on the Proposed Pipeline for the Delivery of 1,500 New Council Homes by 2018.	Southwark Website	Dave Markham 0207 525 7201
http://moderngov.southwark.gov.uk/documents/s50476/Report%20Pipeline%20for%20the%20Delivery%20of%201500%20New%20Council%20Homes.pdf		

APPENDICES

No	Title
Appendix 1	New Homes Delivery Phase 2 Sites
Appendix 2	List of Architects on Framework

AUDIT TRAIL

Lead Officer	Gerri Scott, Strategic Director of Housing and Community Services.	
Report Author	Tim Bostridge, Housing Supply Manager	
Version	Final	
Dated	19 May 2015	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Head of Specialist Housing Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	19 May 2015	