

Item No.	Classification: Open	Date: 21 May 2015	Decision Taker: Cabinet Member for Regeneration and New Homes
Report title:		Gateway 1 Professional Services (Employer's Agent Services) 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 36-39 of this report, for Phase 2 and future phases of the New Homes Delivery Programme, using Peabody (Services) Limited's Major Projects Panel (Consultants' framework agreement) and the Hyde Group consultants' framework for the provision of Employer's Agent Services for the life of the frameworks.
2. Notes that the council will be entering into joining agreements with Peabody (Services) Limited and Hyde Group following the payment of the required fee of £5,000 per framework providing unlimited call off for the life of the frameworks as set out in paragraphs 46 & 52.
3. Approves the use of the council's works approved list for the procurement of employer's agent services where appropriate as noted in paragraphs 53-54.
4. Notes that the packaging of schemes and procurement route for each package will be approved by the Head of Major works and New Homes Delivery as outlined in paragraph 55.
5. Notes that the Gateway 2 approvals to enter into contract for work packages 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 value of these packages of works is estimated to be £3m.

BACKGROUND INFORMATION

6. 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.
7. 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 in mid 2015.

8. In October 2013 Cabinet agreed in principle that additional 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.
9. 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 Phase 2. 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.
10. 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.
11. The estimated value of services arising from Phase 2 procurement is approx £1.5m. This is based on a preliminary assessment of 359 units being constructed by the council in Phase 2.

Future phases

12. It is proposed that future phases for which employer's agent services is required, is included in this procurement proposal for the life of the frameworks referred to in paragraphs 36-39. The sites within any future phase will be packaged up, for procurement using one of the frameworks or the council's works approved list. As noted previously, packaging will be approved by the Head of Major Works and New Homes Delivery.
13. The scale and value of future phases is likely to be similar to Phase 2, so delivering around 350 units, with a procurement value for employer's agent services of up to £1.5m.
14. Detailed information about the frameworks is provided in paragraphs 40-52 below.
15. A separate report seeking approval for the use of the Peabody and Hyde frameworks to procure Architectural services for the same programme is being sought simultaneously

Summary of the business case/justification for the procurement

16. 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 315 units, enabling the progression of a further 13 sites with the potential to deliver 359 new homes.
17. 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.

18. 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 councils 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

19. The main procurement route for securing employer's agents to work on a programme of development opportunities is developing a framework using OJEU procurement process or utilising an existing framework that is already in place; 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 months procurement exercise to develop a bespoke framework. This will also allow the council to work with organisations that have been tried and tested in this field and possess a wealth of experience in the affordable housing sector. 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.
20. Using an existing framework does not preclude individual procurement for schemes using the council's works approved list, where appropriate, to provide the opportunity for smaller practices and ensure a variety of delivery options.
21. 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 view working on the developments as an attractive opportunity and therefore whether using either framework or via the councils approved list the council should secure practices with the necessary capacity and skills.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

22. As outlined previously, 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.

23. 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, including one comprising of Employer's' Agents.

24. To access the framework documents the Council would need to enter into a confidentiality agreement with the LB Lewisham and pay a joining fee which amounts to £1,000 per annum.
25. This framework offers a access to a pool of 9 firms, some of which are also on the Peabody or Hyde frameworks outlined below. However the life of the framework is limited as it ends April 2016.

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

26. 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. However, both contracts have been let to their capacity and have no further headroom.

Council's works approved list

27. EXOR Services Ltd Accreditation System manages Southwark's accredited list for consultancy services. 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 13 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 employer's agents for individual schemes, where appropriate, will remain an option. An example of this is where a site is deemed of sufficient size and complexity to offer an opportunity for a locally based firm to gain experience in this field. This approach would be unlikely to extend beyond 10% of the overall programme and the values of the appointment of the employer's' agent would be agreed by the Strategic Director of Housing & Community Services, in accordance with contract standing orders.
28. The council's works 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.
29. 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.
30. The council's works approved list 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

31. The development of an in-house specialist consultancy team 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 Major Projects Panel; Consultants' Framework

32. 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 council's 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.
33. As the framework was recently provided the rates achieved reflect the current market conditions and deliver value for money.

The Hyde Group Employer's Agents (including CDM-C and Cost Consultancy Framework

34. The Hyde Group is also a RP that has a successful track record 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 council's preferred RP developers. As with Peabody, they procured the framework to focus on the delivery of both affordable and private housing, and a key factor in selection was having a successful track record of delivering affordable housing.
35. 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

36. The proposed procurement strategy is to utilise two existing framework agreements contracted by Peabody and the Hyde Group to procure employer's agent 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.
37. 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.
38. 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, a shortlist 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.

39. It is noted that a number of firms appear on both the Peabody and Hyde frameworks so potentially could be appointed to two or more packages. This issue will be addressed by working in conjunction with the procurement team and framework providers before bids are invited.

Framework 1 – Peabody Major Projects Panel; Consultants’ Framework

40. 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.
41. This framework allows for the appointment of 8 employer’s agents. A list of the employer’s agents is attached at Appendix 2
42. 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 fees are considered to be competitive and represent value for money.
43. Contract awards can be via a Direct Call-Off Award Criteria 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
44. 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 previously 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.
45. Following which a practice (s) will be appointed to take schemes forward.
46. Peabody requires a fee of £5,000 for using the framework for unlimited call off of consultants for the life of the framework. Approval for entering into a joining agreement for this purpose will sought in another report proposing the use of the same framework.

Framework 2 – The Hyde Group Employer’s Agent Services Framework

47. This framework has a 3 year life terminating in 2017 with the option of an extension of 12 months. The scope of services provided within this frame work includes employer’s agents and contract management services (including CDM-C and Cost Consultancy) as well as Clerk of Works. Use of the latter is optional. The selection process for employer’s agents was based on an evaluation of 50% cost and 50% quality.
48. 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 scale 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:

- 35% at exchange of building contracts
 - 25% at mid point in construction programme
 - 30% at practical completion
 - And 10% on issue of final certificate.
49. There are 11 employer's agent practices listed in both lots providing general project management services. A list of the employer's agent is attached at Appendix 2.
50. Contract awards can be via a Direct Call-Off Award Criteria awarded by Hyde based on the following criteria.
- Distribution of work amongst panel
 - Ability to resource
 - Suitability for site – size/scope/complexity
51. 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 clarification 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.
52. Housing providers seeking to use the framework are required to sign an agreement with Hyde. Hyde requires a fee of £5,000 for using the framework for unlimited call off of consultants for the life of the framework. Approval for entering into a joining agreement for this purpose will sought in another report proposing the use of the same framework.

Individual Selection Process

53. In conjunction with using the two frameworks outlined above, it is proposed to use the council's works approved list of consultancy services on a limited number of schemes in Phase 2 and future phases to allow for the use of smaller local practices. Through the New Homes programme to delivery 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-competitions 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.
54. The financial value of procurement of these schemes through the council's works approved list will be below OJEU levels.

Approval of Packages and Procurement Route

55. The packaging of schemes will be based on a number of criteria including; size of development, location and proximity to other developments, complexity and estimated value, to ensure a fair and equal distribution between the two frameworks as well as 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 Expressions of Interest for specified services.	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
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 experienced 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

56. This is a non key decision

Policy Implications

57. 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.

58. 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 of 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.

59. 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.
- Delivering a mix of homes, of different types and sizes, which are accessible and respond to people's changing needs over time, through direct provision and in partnership with housing associations.

60. 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
Notification of implementation of Gateway 1 decision	22/05/2015
Completion of tender documentation	N/A
Publication of OJEU Notice	N/A
Publication of public advertisement	N/A
Closing date for receipt of expressions of interest	05/06/2015
Completion of short-listing of applicants	N/A
Invitation to tender (mini competition)	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
DCRB Review Gateway 2: Contract award report	*24/08/2015
CCRB Review Gateway 2: Contract award report	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
Place award notice in Official Journal of European (OJEU) – Part A/B Services	N/A
Contract start	05/10/2015
Initial contract completion date	**30/09/2018
Contract completion date – (if extension(s) exercised)	N/A

Note:

*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 date relates to the procurement approach using the Peabody framework.

TUPE/Pensions implications

61. Not applicable

Development of the tender documentation

62. 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 lot that will be tendered for employer's agent 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.
63. The documentation for the appointment of each consultant/standard framework agreements under the respective framework will follow the respective templates.
64. The Development Delivery Manager will be responsible for ensuring adequate resource, deliverable objectives and efficient and effective procurement best practice.

Advertising the contract

65. All employers' agent 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 37 the programme will be split on an approximate 50/50 basis between the two frameworks.

Evaluation

66. The selection process for both frameworks will follow the relevant framework arrangements as set out in their standard procedures and working practices.
67. 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)
68. 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.
69. The three highest scoring professional consultants will be short listed to participate in the mini competition, from which the selection will be made.
70. The overall assessment will be based on a quality/price ratio of 50/50. This allows for harmonisation of approach between the two frameworks, and therefore consistency across the programme. It also places equal value on quality and cost whereas the standard approach within Major Works is to assess on 30% quality and 70% price.
71. 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.
72. 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

73. 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.
74. 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.
75. 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.
76. 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.
77. 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

78. 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.
79. 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.
80. 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

81. 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.
82. 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. It is a natural expectation that the payment of the London Living Wage, as an established council priority, should be a prerequisite. Due to the professional services being sought that those employed will be paid in excess of LLW.

Social considerations

83. 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 need 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.
84. The new rented homes will be let at social rent levels.

Environmental considerations

85. 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.
86. 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

87. 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,
 - Strategic cost plan, which will be regularly reviewed and updated
 - 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
88. 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

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

Financial implications

92. 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 £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.

93. The 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

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

Consultation

95. As noted in paragraph 77, 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

96. This report is seeking approval for the procurement strategy to provide employer's agent services for the new homes delivery programme via Peabody's Major Projects Panel 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.
97. To enable use of the frameworks, the council are required to enter into joining agreements for a set fee. The approval to enter into joining agreements is being sought through the GW1 report for the provision of architects for the same project and is noted in this report.
98. 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.
99. 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.
100. 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.
101. 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

102. 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 employer's agents for the New Homes delivery programme as further detailed in paragraphs 1-5. 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.
103. 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 36, 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 37-39 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.
104. 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 73-77 which set out the consideration that has been given to the PSED in the community impact statement.

Strategic Director of Finance and Corporate Services (HCS15/003)

105. The strategic director of finance and corporate services notes the recommendations in this report for the procurement strategy for Employer's Agent Services for Phase 2 and future phases of the New Homes Delivery Programme.
106. 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	Sonia Hamilton, 020 7525 7743
Link: 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 List
Appendix 2	List of Employer's Agents

AUDIT TRAIL

Lead Officer	Gerri Scott, Strategic Director of Housing and Community Services	
Report Author	Sonia Hamilton, Housing Investment Manager	
Version	Final	
Dated	21 May 2015	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Head of Procurement	Yes	Yes
Head of Specialist Housing Services	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	21 May 2015	

BACKGROUND DOCUMENT – CONTRACTS REGISTER ENTRY FORM – GATEWAY 1

Contract Name	
Contract Description	
Contract Type	
Lead Contract Officer (name)	
Lead Contract Officer (phone number)	
Department	
Division	
Procurement Route	
EU CPV Code (if applicable)	
Departmental/Corporate	
Fixed Price or Call Off	
Contract Total Value	
Contract Annual Value	
Contract Start Date	
Initial Term End Date	
Number of Remaining Contract Extensions	
Contract Review Date	
Revised End Date	
Comments	

If your report is to be submitted to the constitutional team this document should be removed before submission and passed to the member of staff in your department who is responsible for keeping your contracts register up to date.