



Report of Executive Member for Finance & Performance

Executive	Date: 13 January 2022	Ward(s): Bunhill
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SUBJECT: Procurement Strategy for Design Team Appointment for Finsbury Leisure Centre Redevelopment Scheme

1. Synopsis

- 1.1 This report seeks pre-tender approval for a design team procurement strategy in respect of the Finsbury Leisure Centre redevelopment (FLC) scheme, in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 The FLC scheme aims to replace the existing leisure centre with new leisure facilities and a significant number of new genuinely affordable homes. It takes the form of a masterplan for the whole site and includes a new medical centre and much improved public spaces. The Council also plans to make parallel investments in the neighbouring Ironmonger Row Baths, Toffee Park Adventure Playground, and Radnor Street Gardens.
- 1.3 The procurement strategy will comprise a tender for a comprehensive set of consultancy services to help design the FLC scheme to RIBA stage 3 (planning submission) with options to support RIBA stage 4 (construction detailing & tendering) and maintain client side consultancy services through to completion (stages 5-6). All services would build on brief consolidation work already undertaken.

2. Recommendations

- 2.1 To approve the design team procurement strategy for the FLC scheme as outlined in this report.

- 2.2 To note the risk mitigation strategy for design and construction phases of the scheme.
- 2.3 To note the intention to seek early construction sector advice including the option of a Pre Contract Services Agreement, to provide additional cost and delivery risk mitigation.
- 2.4 To note proposed governance arrangements including dedicated member engagement
- 2.5 To delegate authority to award the contract to the Corporate Director of Community Wealth Building following consultation with the Executive Member for Finance & Performance and the Executive Member for Housing and Development.

3. Background

3.1 Nature of the service

The council seeks to procure consultancy services to support the design of the FLC scheme to RIBA stage 3, with options to support RIBA stage 4 and stages 5-6, subject to gateway reviews and the construction stage procurement strategy. The services would comprise a core team of relevant disciplines including architecture, engineering, landscaping, sustainability and quantity surveying, as well as an employer's agent. The council may also wish to procure other consultancy and support services of a smaller value at various stages of the design and construction process.

Procurement of these services will provide a robust design that meets the council brief and viability requirements. The project is a complex new development, which requires a full professional services team and the additional assurance of an employer's agent.

The council has developed a brief consolidation document to demonstrate that there is a brief compliant and viable project that could be developed on the site. The Brief Consolidation document and associated Outline Financial Business Case and Implementation Report have been developed through extensive internal stakeholder engagement as well as the support of external consultants including leisure consultants, architects, energy consultants & engineers, cost consultants and Rights of Light surveyor. The council has also consulted with Sport England.

The brief consolidation document has been developed and reviewed via the Council's capital governance process and secured outline approval at the Corporate Asset Development Board on 20 September 2021. The proposed design team procurement strategy was approved by the Major Projects Board on 4 November 2021 and the Commissioning & Procurement Board on 25 November 2021.

As part of the overall procurement strategy for in the scheme's initial stages, it also proposed to seek early construction sector advice to help design-out or mitigate a range of delivery and cost related risks. This advice may take the form of a Pre-Construction Services Agreement (PCSA) with an appropriately qualified construction partner. It would form part of a two stage tender process and be followed by a 'build phase' procurement based on a schedule of rates, overheads and profit within a fixed price lump sum, using a Joint Contracts Tribunal Design & Build Contract. A PCSA or other pre-construction agreement would not constitute any form of commitment after Stage 4. The relationship between the design team and construction contractor across stages 5 & 6 would be confirmed as part of the construction stage procurement strategy.

A potential PCSA is envisaged as a multi stage service which ramps up (in terms of the resource and scope of service required) from stage 1-4, starting with limited, high level advice to support initial strategic decisions, and developing into a more in-depth appraisal of contract documentation, to increase cost certainty. Construction industry expertise will be particularly essential as the scheme moves to detailed technical design and costing at Stage 4. Using the council's own New Build Contractor Framework, the council has the option to procure single or multiple contractor inputs at each stage.

Should the council decide to procure a PCSA or another form of pre-construction agreement, given the likely value, it will be made via an Officer Key Decision by the Corporate Director of Community Wealth Building, supported by an assurance review at Major Projects Board.

3.2 Estimated Value

The services would be funded jointly from the General Fund and Housing Revenue Account, based on the formula outlined in this report.

The value of the procurement is expected to be a maximum of 12% of the estimated construction costs, for the period comprising stages 1-3 with options for stage 4 of the project. This is estimated to be £6.3m over 15-18 months. However, benchmarked core design team services procured through existing frameworks have been estimated at £3.2m for the same period. The council will include as many services as possible within the core design team appointment. A remaining sum would be retained to procure any additional consultancy and support services that may be required. The council therefore expects the value of the services to be under £5m, with a target appointment of March 2022.

Given RIBA stage 4 is primarily focused on detailed technical design, production of construction detailing and costings, the council may seek to ramp down the full design team at end of stage 3, potentially reducing the cost of the services. However, given in particular the challenges in delivering a net zero scheme, the council may prefer to retain the design team through stage 4. The design team procurement would provide the Council with the option to retain client side consultancy service team through stages 5-6 to the completion of the scheme.

The council has spent £80,558 on consultancy services to develop the Brief Consolidation document and in the build up to this procurement strategy.

3.3 Timetable

The key dates relevant to this procurement strategy are:

Date	Activity
November 2021	Commissioning & Procurement Board
Nov 2021 – Jan 2022	Prepare ITT
13 th Jan 2022	Executive Key Decision Procurement Strategy
17 th Jan 2022	Issue ITT to framework consultants
14 th Feb 2022	Council evaluation of tenders.
February 2022	Council approval of GF capital bid.
7 th March 2022	Panel approvals.
18 th March 2022	Appoint design team – followed by stages 1-4 gateways.

19 th Dec 2022	Submit planning application.
18 th Aug 2023	End of stage 4 - appoint main contractor.

The key project dates are set out in a table below.

Date	Activity
18 th March 2022	Appoint design team (stage 1 tender)
19 th December 2022	Submit planning application
18 th August 2023	Appoint main contractor (stage 2 tender)
19 th September 2023	Site clearance & set up
26 th May 2025	Practical completion (Leisure)
28 th August 2025	User occupation (Leisure)
13 th March 2026	Practical completion (Residential)
26 th May 2028-29	3 years Post occupancy evaluation (phased)

3.4 Options appraisal

Four options have been considered and ruled-out:

- in-house delivery, on the basis the council lacks the full set of capabilities and capacity to successfully deliver a scheme of this scale and complexity
- tendering via open competition is considered resource intensive, legally complex and time consuming. It may also risk increasing the overall cost of the procurement. Framework agreements are price competitive as result of these frameworks typically being a more common route to market for the services sought as part of this procurement strategy
- collaboration or joint procurement has not been considered, as the project is an Islington initiative with the council solely responsible for governance and funding
- an existing professional services framework used by the council was considered, but will not be utilised due to the current call-off value and relatively imminent expiry.

The preferred procurement route for the core design team is via an alternative professional services framework agreement. Frameworks offer rapid access to pre-qualified suppliers as well as other controls. After appraising available and appropriate frameworks, the council's preferred framework is SCAPE/Perfect Circle. As well as offering access to a comprehensive range of multi-disciplinary services and supporting the management of framework procurement activity, this framework has robust arrangements for social value monitoring, and offers pre-prepared tender documentation. The framework rates are competitive, given the various value added services. The SCAPE/Perfect Circle framework also allows the appointment of client nominated consultants or the running of a mini competition through one of the framework's core consultants i.e. as sub consultants. The Perfect Circle sub-framework comprises three large multidisciplinary practices, who bid between themselves for services. However, they are also obliged to ensure that at least 70% by value is delivered by SMEs. This flexibility in appointment provides the council with the opportunity to design its ideal team of consultants, which also addresses the council's value for money and social value criteria.

3.5 Key Considerations

The preferred framework provides fixed fee rates that are beneficial to the council as they are competitively tendered and are geared to a repeat service within a framework and as such lower than that the council could achieve through open market tendering. The preferred framework provides a platform from which the council can tender its employer's requirements to appropriate consultancies. The employer's requirements include the council's expectation with respect to the social value benefit clauses.

In addition at standard cost and quality scoring, the tender evaluation process includes a 20% score linked to social value outcomes. As the procurement predominantly comprises resourcing, social value criteria will cover:

- Recruitment – this concerns targeted recruitment and how organisations may diversify their workforce and grow new talent, through links with specialist organisations and a range of pathways that enable them to capture the full potential of applicants who may find it harder to start their careers, such as young people, people with disabilities, ex-offenders and lone parents.
- Apprenticeships/professional practice – apprenticeships and work placements are a means of introducing people to work environments they may otherwise not be able to access. Professional practice work experience is a structured activity monitored by professional bodies.
- Work experience/supporting young people – this comprises youth programmes, linking businesses and schools, and 18-25 work skills programmes.
- Investing in staff – offering staff the chance to train and upskill not only builds capacity as a business, it improves staff loyalty and retention. Identifying short training courses, apprenticeships, or support with basic skills to ensure that employees are able to progress at work and build their loyalty to your business.

The London Living Wage will apply, with specific reference to the consultancies and the sub consultants and suppliers that may be used.

The preferred framework provides a dashboard from which social value deliverables can be quantified and reported on a monthly basis.

The Brief Consolidation document explores economic, social and environmental sustainability across a spectrum of issues covering business, housing social, community amenity, environmental design, net zero carbon design, and their net sustainability. The circular economy is also a part of the council's brief, an outcome with that all framework providers are familiar. The design team procurement strategy needs to ensure the money spent on the consultants actually feeds back into the local economy, not just in the end product (the built leisure centre and homes), but in the knowledge pool and employability that the consultancy process generates and contributes to. A key contractual commitment will be to secure employment in the consultancies from local employment pools (particularly those with limited access or under representation). The expectation is that there will also be targeted support and opportunities for young people, particularly those that have not followed an undergraduate path.

TUPE, Pensions and Staffing implications will not apply to the appointment of Consultants for this procurement strategy.

3.6 Evaluation

For the core services, the proposed procurement route is to use the SCAPE/Perfect Circle framework. Other consultancy and support services of a smaller value would be sub consultants to the core consultants or would be sourced using another appropriate procurement route in consultation with Strategic Procurement. It is anticipated most if not all consultancy requirements associated to this procurement strategy will be procured via core or sub-consultancy core elements within the SCAPE/Perfect Circle Framework.

The proposed evaluation award criteria are being confirmed in detail as part of the client’s invitation to tender (ITT) package. In outline they are as follows:

- 40% Price*
- 20% Social Value*
- 40% Quality*

The full breakdown of the cost/quality award criteria is still being confirmed but in outline are as follows:

40% Cost – 30% of this is the total and inclusive tendered price offered for the service aligned to the defined scope of service (the employer’s requirements); aligned to the programme to complete the task; aligned to resource schedule offered to complete the task. Items noted as additional services that are required to complete the task must be included within the total price tendered. The price will be presented in a defined tabulated form as follows.

Description	% rate of construction sum	% stage weighting	Total net cost	Total
Stage 1				
Stage 2				
Stage 3				
Stage 4				
Stage 5				
Stage 6				
Total accumulated				

The price tendered is fixed and is scored whereby the lowest price gains the maximum score of 30% and all other tendered scores are reduced pro rata. There is no moderation against resourcing as this is considered part of the Quality scoring. The remaining 10% of the score concerns hourly rate. This is required in the event of a prolongation. The price will be presented in a defined tabulated form as follows.

Description	£ rate ex vat
Principal	
Associate	
Project	
Junior	
Technician	

20% Social Value – measurable/scored indices include

- Recruitment – 5%
- Apprenticeships/professional practice – 5%
- Work experience/supporting young people – 5%
- Investing in staff – 5%

40% Quality – quality is divided into the following scored sectors;

- Structure & quality of proposed staff resources – 10%
- Demonstrated ability to deliver similar projects in the last 5 years – 10%
- Ability to fully meet the requirement and delivery date - 10%
- Environmental design and low energy design approach – 5%
- Health & Safety design – 5%

3.7 Governance

The FLC scheme is complex and substantial scheme that requires robust and transparent governance. Detailed arrangements are set out in supporting project documentation and will comprise:

- a member-led steering group including Executive & Ward member representation
- a dedicated project board, with cross council representation and chaired by the Corporate Director of Community Wealth Building
- assurance reviews of the residential component at New Homes project board and Housing Delivery Board
- dedicated council-side project management
- an employer's agent to work with the council and project team to provide additional assurance.

In addition, the scheme will be managed stage by stage with robust gateway processes at the end of each stage. The scheme timetable includes adequate time for a robust peer review process at each gateway as well any remedial work.

3.8 Business Risk

There are three sets of risks associated with the recommendations set out in this paper:

- risks directly associated with the procurement of a design team
- risks associated with the construction phase of the FLC scheme that will proceed the design phase
- risks associated with key dependencies generated by the FLC scheme.

Key Design team procurement risks and mitigations are set out below and are all identified in the project risk register.

- Unsuccessful bidders claim unfair or improper tendering and challenge the appointment of the preferred supplier(s), causing programme delay. Its mitigation is provided for in part by the use of a framework, but also by the careful development of the ITT scope of

services and evaluation criteria and execution through a clearly timetabled and documented process

- Underperformance of the consultants with respect to design quality, documentation quality and viability. The council has developed a Brief Consolidation document, providing a clear brief and scope of service and outline viability from which the design team can build. It should be noted that a significant difficulty faced by the previous unsuccessful attempt to develop the site, was the absence of a sufficiently detailed brief before the main design stages commenced, limited early stage viability testing, and under-developed governance. The new FLC scheme will be developed from the clear brief consolidation option in stages with clear review and viability sign off periods. This gateway process will include peer review periods within which playback to the consultants will help ensure viable proposals are ultimately submitted in the council approval period. The council will propose a performance related fee retention repayable upon satisfactory completion of works and the proposed SCAPE/Perfect Circle framework provides a range of remedies in the case of under-performance or non-delivery. An employer's agent would provide additional delivery assurance.
- The professional services sector is currently facing a number of resourcing challenges, risking quality and delivery. To mitigate this risk the council will ensure the tenderers' scopes of service are thorough and that the tenderers' resource schedules are formatted sufficiently well to demonstrate and maintain their capability and capacity.
- There remains a risk that once the options are developed in more detail during Stages 1-2, the FLC scheme is no longer viable. In the event that a viable option is not identified then abortive fees of up to £1.6m may have been incurred (estimated cost of stages 1-2), of which £1.2m will have to be written off against HRA resources and £400k to the General Fund. The work to develop a comprehensive brief consolidation document and supporting outline financial business case and implementation strategy, supported by external consultants and a significant council team and subject to review via the council's capital governance processes, provides an initial mitigation. The proposed gateway and peer review processes within the procurement strategy as well as robust project governance including a dedicated board and client team, offer further mitigation against abortive fees.

Whilst not directly related to the recommendations in this report, there are additional risks associated with the construction phase. Given the scale & complexity of the FLC scheme, it is appropriate to set out these risks as part of this report. Initial mitigations, assumptions and sensitivity analysis have already been identified/undertaken and will be further developed during Stages 1-3.

Prior to the submission of planning (stage 3), the project will be reviewed with consideration given to the benefits of developing elements of technical design and costing (stage 4) with the Council's consultant team or whether to commission technical design and production of construction information via a PCSA. Outstanding risks will then be clearly set out along with mitigation as part of the subsequent Executive decision report associated with proceeding to procurement of a fixed price contract and construction in stages 5-6.

At this stage, identified construction phase risks and mitigations are set out below and are all identified in the project risk register:

- Open market sales income: residential income stream assumptions are based on commercial unit-by-unit valuation undertaken by JonesLangLaSalle in July 2021 and validated by the council's finance team. An inflation sensitivity analysis has been applied as part of the council's initial viability assessment

- Medical centre income stream: the council is already in receipt of a significant ring-fenced s106 contribution to support development of a new medical centre as part of the FLC scheme. The remaining capital costs and ongoing operational costs will be absorbed into an ongoing rental charge to North Central London CCG using an agreed methodology. The CCG is expecting to confirm its ability to fund the ongoing rental charge by the end of 2021. Should sufficient funding not be forthcoming, the council retains the option to either reduce scope or eliminate the medical centre from the FLC scheme
- Capital funding: provision has already been made within the council's HRA business plan and draft General Fund capital programme and will be confirmed as part of the 22/23 budget setting process, including £2.25m currently committed for the long term maintenance of the existing leisure centre and £1m already committed to support the FLC scheme design stage
- Construction cost inflation: the outline financial business case includes a core 10% contingency based on an up to date assessment of recently completed and comparable schemes, a 5.62% inflator against goods and services to stage one practical completion, and an assumption about a carbon offset payment. A sensitivity analysis has been applied to the base cost assumptions, modelling a number of scenarios

The FLC Scheme creates two key dependencies with associated financial risks, which are again appropriate to set out in this report and at this stage.

- Reduced leisure income streams during the construction phase: the existing Finsbury Leisure Centre is a net contributor within the overall leisure provision and therefore any loss of this provision will affect the leisure budget. Implementation and phasing options in relation to the partial and full closure of leisure facilities were reviewed during the brief consolidation stage. The draft implementation strategy recommends a whole site construction approach necessitating the full closure of the existing leisure facilities for up to 24 months. The associated income loss is estimated at £1.2m, compared with £3m in additional construction costs for an alternative scheme minimising the closure of leisure facilities. A leisure income loss mitigation strategy will need to be developed across 2023-25, including options to deliver alternative provision in Ironmonger Row Baths and other leisure facilities as well as exploring relevant contractual provisions.
- Bunhill Energy Centre: the outline scheme requires the relocation of the existing Bunhill Energy Centre. External energy consultants were appointed during the brief consolidation phase to establish relocation costs and space requirements within the new scheme. Consultation was also undertaken with relevant council teams. The estimated £1.3m relocation cost is built into the FLC scheme cost model to avoid creating a new budget pressure for the Environment Directorate.

3.9 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

3.10 The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	The council seeks to procure consultancy services to design the Finsbury Leisure Centre redevelopment scheme from RIBA stages 1-3 with options to support RIBA stages 4-6. See paragraph 3.1
2 Estimated value	The estimated value is up to £5m. See paragraph 3.2
3 Timetable	17th January 2022 – issue ITT 14th February 2022 – Commence evaluation 18th March 2022 – award and commence full appointment See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Preference for a framework appointment of the core design team including as many services as possible within the scopes of service of the consultancy disciplines. See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Clauses listed above, use of LWW, social value and best value measures as above in paragraph 3.5
6 Award criteria	40% price, 20% social value and 40% quality. The award criteria price/social value/quality breakdown is described within the report. See paragraph 3.6
7 Any business risks associated with entering the contract	Risks directly associated with the services as well as with the wider scheme they support are described within the report. See paragraph 3.8
8 Any other relevant financial, legal or other considerations.	See Section 4

4. Implications

4.1 Financial implications:

There are currently 2 draft scheme design options under consideration one that is relatively close to breakeven resulting in an indicative deficit of £589k (based on 165 residential dwellings) and one that indicatively suggests that a surplus of £1m will be generated (based on 178 residential dwellings)

The fees at 12% included as part of these indicative option appraisals total an average of £8.3m.

The report at point 3.2 indicates that fees in respect of stages 1-4 potentially total £6.3m. The Director of CWB advises that this forms part of a total fees cost covering stages 1-7 of £8.4m, so broadly in line with the appraisal average referenced above.

The allocation of fees between the GF and the HRA (re the residential build) would be as follows:

TABLE 1

	GF	HRA	
	23%	77%	
	£Ms	£Ms	£Ms
Stage 1-4 (Planning)	£1.5	£4.8	£6.3
Stages 5-7	£0.5	£1.6	£2.1
	£2.0	£6.4	£8.4
Stages 1-2 (Option Decision)	£0.4	£1.2	£1.6

Having said the above, the report goes onto advise at point 3.2 that similar (benchmarked) procurements via a framework (as is being recommended) could reduce stages 1-4 costs by £3m from £6.3m to £3.2m, but that additional consultancy services would also be required totalling a further £1.8m leading to a more likely total cost for stages 1-4 procured via a framework of £5m.

The allocation of fees in that case between the GF and the HRA (re the residential build) of this revised amount would be as follows:

TABLE 2

	GF	HRA	
	23%	77%	
	£Ms	£Ms	£Ms
Stage 1-4 (Planning)	£1.15	£3.85	£5.0

BUDGET PROVISION

The report timetable at point 3.3 indicates that the expenditure in relation to stages 1-4 will commence at the start of 2022-23 and continue into 2023-24 (up to around Aug. 23)

The HRA has a new build pipeline capital programme that includes provision for the delivery of 200 residential units every year with effect from 2024-25 as such there is sufficient budget provision within the new build capital budgets (years 2022-23 & 2023-24) to accommodate the HRA’s share of the fees as referenced in Table 1 above.

The GF has a current budget provision sufficient to accommodate the share of fees as referenced in Table 1 above.

RISKS

The report at point 3.7 outlines in detail a number of risks & mitigations identified to date as part of the initial viability options appraisals. Many of these risks will be re-visited and re-assessed, as the scheme is developed in more detail and progresses through the capital governance process.

Abortive Fees

However, in terms of the procurement strategy the key risk is that, as is referenced at 3.7, once the options are worked up in more detail during stages 1&2 and the risks reviewed, a viable option cannot be established. In which case abortive fees of up to £1.6m will have been incurred, leading to a write off against the HRA & GF in the sum of up to £1.2m and £400k respectively.

CIL contribution

The viability of both options currently assume that CIL totalling £4.5m will be available to contribute towards the funding of the scheme. However, the CIL contribution remains subject to agreement and a formal policy decision. In the absence of CIL funding, revenue budget provision for the additional borrowing costs would need to be included in the council's Medium-Term Financial Strategy, and formally approved in the council's budget.

Loss of Revenue Income

The report at point 3.7 indicates that the scheme will result in the full closure of the leisure centre for 24 months leading to a one off loss of revenue income of around £1.2m during the years 2023-24 to 2024-25. This one off loss of income is not currently reflected in the GF MTFS.

VAT

The VAT position remains under review as the input VAT associated with the leisure centre build could have a bearing on the Authority's partial exemption position, which could in turn have an adverse financial impact on the viability of this scheme.

4.2 Legal Implications:

The council has powers under Section 19(1) of the Local Government (Miscellaneous Provisions) Act 1976 to provide such recreational facilities as it thinks fit including Indoor sports centres. The council as a local housing authority also has powers to provide housing accommodation by erecting houses on land held or acquired for that purpose under Section 9 of the Housing Act 1985. The council may appoint consultants to assist in discharging these functions under s111 of the Local Government Act 1972 as well as under the General Power of Competence set out in section 1 of the Localism Act 2011. The council may enter into such contracts under section 1 of the Local Government (Contracts) Act 1997. The Corporate Director of Community Wealth Building has authority to award contracts for using capital money up to £5,000,000 of Islington Council spend (Procurement Rule 18.1.1).

The proposed procurement relates to services. The value of the procurement is a maximum of 12% of the estimated construction costs over stages 1-4 of the project as detailed in the body

of the report. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £189,330.00 for services. Contracts above this value need to be advertised on the Find a Tender Service (FTS) and Contracts Finder. The council's Procurement Rules also require contracts over the value of £189,330.00 to be subject to competitive tender.

The proposed procurement strategy is to, primarily, use the SCAPE/perfect Circle framework. This framework was advertised and procured in compliance with the requirements of the Regulations and the council's Procurement Rules. On completion of the procurement process contracts may be awarded in accordance with the conditions set out in the framework subject to tenders providing value for money for the council.

Any other consultancy and support services which fall outside of the SCAPE/perfect Circle framework must be procured in compliance with the council's Procurement Rules and, if they exceed the services threshold, the Regulations. On completion of the procurement process contracts may be awarded provided that the award report evidences such compliance and subject to tenders providing value for money for the council.

4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

The Environmental implications relevant to this key decision report concerns the procurement strategy of the consultants only, which effectively focuses on the policy and practice of the consultant companies and their offices, whose services the council chooses to procure. It should be noted that the opportunity to report on the full environmental design implications of the project design would take place when the key decision paper for the appointment of the main contractor is carried out, i.e. on completion of the design stages 1-4. The completion of the design stages 1-4 are facilitated by this key decision report.

The report sets out the evaluation criteria used in the tender process of prospective consultants. Associated with this are the scope of service and consolidated brief requirements. Within these, the council sets out its expectations with regard to consultant office policy and practice. Specifically, the council expects that the offices will as a minimum be ISO 9001 and ISO14001 compliant. This is significant as it indicates that the company is able to quality assure its work and that its working practice uses an environmental management system (EMS) that indicates that it is environmentally ethical. The office should be able to demonstrate how its EMS helps establish policy and practice with quantifiable deliverables within the office. Neither of these however is a guarantee that the office is net zero. The council will ideally wish to see other office initiatives or circular economy practices relevant to achieving net zero carbon emissions actively engaged with e.g. DfT cycle to work scheme; rail card loan salary sacrifice scheme; environmental charity engagement. It would also include employment practice.

Specific requirements to be assessed as part of the Social Value evaluation will include

- *Recruitment:* recruitment practices highlight the significance of environmental design in the make-up of the organisation offering an attractive career path.
- *Apprenticeships/professional practice* - the expectation is that staff are encouraged to undertake vocational training that includes environmental and net zero awareness and skill sets.
- *Work experience/supporting young people* - the expectation is that this activity will also include environmental awareness and net zero activities (including outreach activities).

- *Investing in staff* - the expectation is that vocational training of all staff (including administration and support) will include environmental and net zero carbon.

Specific requirements to be assessed as part of the Social Value evaluation will include

- *Structure & quality of proposed staff resources* - the expectation is that the staff resources will include roles which require qualifications in environmental design or related;
- *Demonstrated ability to deliver similar projects in the last 5 years* - that staff will have demonstrated their ability to design and deliver environmental and low energy (net zero carbon) projects.
- *Ability to fully meet the requirement and delivery date* - programme related rather than environmental but allows the company to express its comprehension of the entire client brief, both in terms of specific design elements the entire project vision and strategic objectives.
- *Environmental design and low energy design approach* - clear evidence of that the approach is embedded within the office and tangibly delivered on.
- *Health & Safety design* - this evaluation is largely health and safety related though with tangible environmental concerns e.g. off gassing.

To enable the appropriate responses, the council has also written a Brief Consolidation Report, which outlines the designer's scope. This information will form part of the Invitation to Tender and the Employer's Requirements. The substance of the report concerns environmental factors as follows; low kWhr/m²/pa requirements; low co₂ emission requirements; Passivhaus accreditation (tbc); Bream Outstanding; product environmental conformity; circular economy demonstration. It should be noted that implicit in low energy requirements is the use of onsite renewable energy; approach to including the Bunhill CHP strategy and use of low co₂ mains infrastructure.

The gateway process of the design stages 1-4 and their outcomes will enable the council to conduct extensive peer reviews of the above criteria as a set of key performance indicators (KPIs), which will in turn enable the key decision reporting at the end of stage 4 in order to appoint a main contractor to build the project.

4.4 Equality Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

Through discussion with the Equalities team, an Equalities Impact Assessment is not required at this stage. It is noted that as the design progresses through the design stages, a Full Equalities Impact Assessment should be developed ready for the key decision that will be required at the end of stage 4, before a contractor is appointed to build the project.

5 Reasons for the decision

- 5.1 The procurement strategy outlined in this report is recommended on the basis that it will provide the appropriate level of professional services consultancy design advice and documentation to support the appointment of a construction partner and the ultimate delivery of the FLC scheme and its associated benefits. The recommended strategy will also ensure the council maximises value for money during stages 1-3 and for any optional support procured during stages 4-6, and mitigates risks during the subsequent construction phase.

Appendices: None

Background papers: None

Signed by:



23 December 2021

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