

Report of: Executive Member for Housing and Development

Meeting of:	Date	Ward(s)
Executive	18 June 2015	All

Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Approval of the Procurement Strategy for Islington Construction Consultants Framework Agreement

1 Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Islington Construction Consultants Framework Agreement in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 A four year framework agreement will be established with a primary focus to facilitate the construction of new homes within the Council's New Homes Programme. This contract will replace the current New Build Consultants Framework which expires on 6 December 2015.

2 Recommendations

- 2.1 To approve the procurement strategy for Islington Construction Consultants Framework Agreement as outlined at paragraph 1.1.
- 2.2 To delegate the key decision of the award of the contract to the Corporate Director of Housing and Adult Social Services.

3 Background

3.1 Nature of the service

The Council's Housing Development and Regeneration Team manage the delivery of new build council homes from inception to completion. The team also oversee the delivery of development initiatives across the borough.

One of the Council's key strategic goals is to deliver more homes with an aim to build 2000 affordable homes in the borough by 2019, including 500 new council homes. These new council homes will be delivered by the Housing Development and Regeneration Team.

To deliver a programme of this size and complexity, the Council needs to employ specific specialist services that it does not have in house to achieve the targets set. The Council has a bigger new build programme than ever before, and has increased the New Build team's capacity. However, there are still skills that the Council does not have in house at the resource level required to deliver this programme.

In general terms, each and every new build scheme requires a standard range of technical and professional main disciplines and services to facilitate its delivery and realisation as a "new home". These disciplines are: architectural and design; Employer's Agent; CDM Co-ordinator; civil and structural engineers; mechanical and electrical engineers; quantity surveyors; clerk of works; and landscape architects. This list is not exhaustive and new disciplines may be added to the new framework.

Individual services will be procured in accordance with the conditions set-out in the framework agreement – generally through direct call-off based upon the service schedules and approved fee %'s for the various scheme life-cycle stages (RIBA work stages in effect). There will also be an option to conduct mini-tenders within the framework value bands when considered appropriate.

Performance KPI's will be set within the framework and these are regularly measured to ensure performance standards and expectations are met, and fees continue to represent value for money. In addition, regular and ad hoc review meetings are held with consultant practices to consider performance issues (consultant and Council), and action taken as appropriate.

The primary focus of the framework is new build, but it will be available to all Council departments who have a need to employ construction consultants. The individual service department will be responsible for all aspects of any appointments they draw from the framework.

3.2 Estimated Value

The Framework will be primarily funded through the Council's approved New Build Budgeted Resources.

The average annual value of the contract is estimated to be £2.15m, with a total estimated value of £8.6m for the life of the contract. As this is a framework agreement, there is no guaranteed volume or value of work.

The Council uses and will continue to use in-house resources where there is capacity and expertise. In-house Architects, Clerk of Works, Construction Design and Management Coordinators and Building Control currently help to deliver the Council's new build programme. In addition, the New Build Team is in discussions with Housing Property Services to examine if there is a sufficient flow of work and capacity to develop further specific roles internally. The framework will be used where there is not the capacity or expertise within the Council. The framework does not guarantee an allocation of work to the consultants.

3.3 Timetable

The current framework agreement expires on 6 December 2015 and the new framework will need to be in place from this date. The benefit of a framework allows the quick appointment of consultants. The scale of the New Build Programme requires consultants with capacity. The time constraints of procuring individual consultants are significant and this would affect the ability to deliver the Programme.

This Report is on the Housing & Adult Social Services Forward Plan and is scheduled for the Joint Board in May 2015 and the Executive in June 2015.

3.4 Options appraisal

It is recommended that due to the timescales involved, the Executive delegate the contract award decision to the Corporate Director for Housing and Adult Social Services in order to prevent delays in the mobilisation of the new framework.

The New Build Team has engaged consultants and contractors using other established Frameworks, namely City West Housing Trust and Homes and Communities Agency Multidisciplinary Panel. Our experience of using other frameworks has been quite mixed and our preference would be to use our own framework that can be specific to Islington's priorities. This will be a non-exclusive framework which will allow the Council to use other frameworks as/when required.

Due to the volume of work and variety projects, a number of consultants from different disciplines are required for the New Build Programme. Therefore, the most appropriate way to ensure the correct consultants are working on each project is to establish a framework.

3.5 Key Considerations

The majority of new homes being built in the Programme are much needed family sized at social (council) rent. The sites for new homes and other associated works are often areas with anti-social behaviour problems, dilapidated buildings such as garages and poor quality housing. These issues can be addressed through the delivery of the New Build projects and therefore improve the quality of living for residents.

New homes in the Programme are built to a minimum of Sustainable Homes Code Level 4. The code is the national standard for the sustainable design and construction of new homes which aims to reduce carbon emissions and promote higher standards of sustainable design. They are also designed to develop sustainable communities through which the standard of living in those areas is improved. New social rented homes will be affordable for existing tenants and those in housing need – particularly providing better accommodation for families in overcrowded conditions as well as encouraging under-occupiers to release family sized homes.

The value of the framework will be above OJEU thresholds, and may have cross-border interest. Therefore a requirement for the payment of London Living Wage should only be included as a condition of this contract if there is no cross border interest in the contract following OJEU notice.

The New Build Team will be working with the Business & Employment Support Team to examine ways of embedding social value into contracts with consultants.

3.6 Evaluation

- 3.6.1 This tender will be conducted in two stages, known as the Restricted Procedure as the tender is 'restricted' to a limited number of organisations. The first stage is Selection Criteria through a Pre-Qualification Questionnaire (PQQ) which establishes whether an organisation meets the financial requirements, is competent and capable and has the necessary resources to carry out the contract. The PQQ is backwards looking and explores how the organisation has performed to date, its financial standing, information about their history and experience.
- 3.6.2 A limited or 'restricted' number of these organisations meeting the PQQ requirements as specified in the advertisement are then invited to tender (ITT). The second stage is the ITT which is forward looking, using Award Criteria. Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract works or services as set out in the evaluation criteria in order to determine the most economically advantageous offer. The proposed award criteria are 40% Price and 60% Quality.
- 3.6.3 The areas of Quality assessment vary for each consultancy discipline within the Framework and therefore each discipline will be assessed separately.

3.7 Business Risks

- 3.7.1 There is a risk that the Council will not be able to secure appropriate consultants but this is seen as a low risk.
- 3.7.2 If there is a delay to the procurement of the framework, there are other frameworks that the Council has access to that could be used as an interim measure (e.g. CRCS 2012 Framework Agreement). This means that any delays in the procurement process should not delay the New Build Programme.
- 3.7.3 The procurement gives the opportunity to continue with the successful progression of the Council's New Build Programme on terms and conditions set by the Council; by dividing the framework into lots based on value and disciplines so that locally based small and medium businesses will be attracted to the framework.
- 3.8 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 sign the Council's 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. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board
- 3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	The provision of consultancy services in connection with the Council's New Build Programme See paragraph 3.1
2 Estimated value	The average annual value of the contract is estimated to be £2.15m, with a total estimated value of £8.6m for the life of the contract. As this is a framework agreement, there is no guaranteed volume or value of work. See paragraph 3.2
3 Timetable	Anticipated key dates: Advert to be published in July 2015 ITT to be published in September 2015 Contract award November 2015 Commencement of framework agreement 7 December 2015 See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	This will be a Council framework agreement procured using the two stage restrictive procedure. See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See paragraph 3.5
6 Evaluation criteria	40% price and 60% quality.

	See paragraph 3.6
7 Any business risks associated with entering the contract	There is a risk that the Council will not be able to secure appropriate consultants but this is seen as a low risk. See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraph 4.1, 4.2,4.3 & 4.4

4 Implications

4.1 Financial implications

No additional costs should arise as a result of entering into a new 4 year Consultancy Framework Agreement.

The precise level % rate of consultancy fees depends on the complexities and size of individual schemes. However, consultancy costs at a rate of 9% of works costs have been included in the latest 7 year indicative New Build Programme this equates to an estimated value of £8.6m over the 4 year contract period (Dec.15 to Dec.19) or an average of £2.15m per annum.

As this is a framework/call off contract there is no contractual guaranteed minimum allocation of volume or value of works. This will enable, where appropriate, internal resources & expertise to be used, capacity permitting.

4.2 Legal Implications

Under section 9 of the Housing Act 1985 the Council has the power to provide housing accommodation by building houses on land acquired for that purpose or by converting buildings into houses. Accordingly the Council may establish a framework of consultants to take forward the new build programme on behalf of the Council and enter into framework agreements.

The estimated value of the procurement for the new build consultants exceeds the financial threshold for the full application of the Public Contracts Regulations 2015. Accordingly the procurement of the new framework arrangement will need to be advertised in OJEU and conducted in accordance with the requirements of the 2015 regulations relating to the restricted procedure and framework agreements.

4.3 Environmental Implications

The main long-term environmental implications of this contract relate to the design of the dwellings, both in terms of materials used and the energy efficiency of the new buildings. The council will require that any new homes in the Programme are built to a minimum of Sustainable Homes Code Level 4, the national standard for the sustainable design and construction of new homes. Individual scheme requiring board approval will have environmental implication assessments as they are put forward.

The consultants employed will also have their own environmental impacts related to the work, such as energy usage and waste generation in their offices, although this is likely to be minor in comparison to the impact of the building design. However, the consultants should still seek to minimise such impacts.

4.4 Resident 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.

The initial screening for a Resident Impact Assessment was completed on 10 April 2015 and this did not identify any negative equality impacts for any protected characteristic or any human rights or safeguarding risks.

5 Conclusion and reasons for recommendations

- 5.1 The Council is committed to providing high quality new homes in terms of design, in-use performance and long-term sustainability and energy efficiency creating places that are genuinely affordable places to live for residents in housing need and helping them tackle the cost of living crisis. Any organisation wishing to work with the Council on its new homes programme must therefore be committed to and able to demonstrate they have a demonstrable track record, including relevant experience, skills and capacity to deliver our objectives on complex inner city sites.
- 5.2 The current contract for the framework expires on 6 December 2015. The procurement of a new framework will continue the benefit of allowing the quick appointment of consultants with the expertise and capacity to assist in delivering the New Build Programme.

Final report clearance:

Signed by:



Executive Member for Housing and Development

Date: 3 June 2015

Received by:

Head of Democratic Services

Date

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