

Cabinet Member delegated decision

Decision Due: 22 April 2014

Future Brixton: Somerleyton Road Project – Appointment of Development Manager and Design Team

Wards: Coldharbour

Report Authorised by: Strategic Director Delivery: Sue Foster OBE

Portfolio: Cabinet Member Housing and Regeneration: Pete Robbins

Contact for enquiries:

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Report summary

The report seeks authority to appoint Igloo as the development manager and design team to work on the client side and enable the completion of the first stage of the Future Brixton: Somerleyton Road project, to obtain planning consent for the site.

The initial contract term will be up until the end of the first stage of the project (i.e. planning consent secured) with an option to extend the commission to include the second and third stages (construction and management and income generation). This procurement process approves both stages of the contract subject to Cabinet approval and budget approval.

The initial contract term will be up to 2 years. The total contract terms is 5 years with a 2 year extension option.

Finance summary

The total contract value for all stages of work is set out in the accompanying Part II exempt from disclosure report.

The contract includes all professional fees required to successfully deliver the project in its entirety including managing the construction of the development and successful handover.

The initial contract will only cover the first stage, with an option to extend the commission as appropriate. The contract value of the initial stage to which this report relates is set out in the Part II report.

The Council has already agreed a capital allocation to the project (Cabinet 08.07.13 - 86/13-14) as part of the Capital Investment Programme and the stage one costs will be funded from this agreed allocation..

Recommendations

- (1) To appoint Igloo as the development manager and design team for the Future Brixton: Somerleyton Road project at a contract cost of £3,226,777.00 and to enter into the initial contract for the first stage of the project, to obtain planning consent for the site. Contract start date 12 May 2014.
- (2) To approve the second stage of the contract subject to Cabinet approval and budget approval.
- (3) To approve the use of the existing capital allocation agreed at Cabinet (08.07.13 – report 86/13-14) to fund these award.

Reason for Exemption from Disclosure

The accompanying Part II report is exempt from disclosure by virtue of the following paragraphs of Schedule 12A to the Local Government Act 1972:

Information relating to the financial or business affairs of a particular person (including the authority holding that information).

Context

- 1.1 Cabinet (08.07.13) considered a report on the Future Brixton: Somerleyton Road Project and agreed that subject to further analysis, the Council procures a development partner using either the GLA's London Development Panel or a Council-run Restricted Procedure.
- 1.2 The further analysis indicated that the development partner route would not meet the aims and aspirations of both the Council and its stakeholders. Therefore, a revised strategy was developed and presented and agreed at Cabinet on 4 November 2013 (report 191/13-14).
- 1.3 The approved revised strategy requires the Council to take a more leading role in the development of Somerleyton Road and this should start with the Council procuring a development manager and design team who will first be tasked with obtaining planning consent for the site.
- 1.4 The intention is that once planning consent has been obtained, a further report will be brought back to Cabinet recommending completion of the development. This would include the procurement of a contractor by the development manager on behalf of the Council. The development manager and design team would be retained and required to complete the development.
- 1.5 The development manager and design team have been procured using a Council-led OJEU compliant Restricted Procedure. The Council received 20 pre-qualification questionnaires via the EU Supply web portal. These submissions were evaluated and then shortlisted to 6 bidders who were invited to submit final tenders. The Council received 5 final tenders. These have been evaluated and the highest scoring tender is being recommended for approval.

- 1.6 The project will contribute to all three of the outcomes set out in the Community Plan 2013-16; to achieve:
- a) More jobs and sustainable growth
 - b) Communities feel safer and stronger
 - c) Cleaner streets and greener neighbourhoods

1.7 This is a Gateway 3 report.

2. Proposal and Reasons

- 2.1 The proposal is to procure a development manager and design team to work on the client side and enable the completion of the first stage of the Future Brixton: Somerleyton Road project, to obtain planning consent for the site.
- 2.2 Analysis of the different delivery models available to the Council was undertaken to improve the understanding of how these can be used to best meet the aspirations and objectives of the stakeholders. The over-riding principles of the project are:
- a) People want to see as much affordable housing as possible at council rent levels
 - b) People want local jobs and training opportunities for young people
 - c) People don't want to see the land sold off
 - d) People want a greater say over Somerleyton Road now and in the future
- 2.3 Three delivery models have been explored, one of which is based on a 100% rental model whereby associated funding is supported by the eventual rental income stream generated from the residential units. The second approach is a traditional development agreement with a private development partner funding the scheme through the sale of private units and the third approach is a straight land sale with a planning brief.
- 2.4 The preferred approach as recommended to Cabinet in November 2013 is for the Council to procure a development manager and a design team, via a Council run restricted procedure, to work on the client side, securing a successful planning consent for the site. The initial contract term will be up until the end of the first stage (May 2016) of the project (i.e. planning consent secured) with an option to extend the commission to include the second and third stages (construction and management and income generation)(December 2018).
- 2.5 This staged approach to procurement will allow the Council to review the 100% rental model and if it considers appropriate to revert to one of the other delivery models listed in paragraph 2.3.

3. Finance

- 3.1 The Council has already agreed a capital allocation to the project (Cabinet 08.07.13 - 86/13-14) as part of the Capital Investment Programme and the stage one costs will be funded from this approved allocation.

4. Legal and Democracy

- 4.1 The Council has delegated the authority to award this contract to the Strategic Director Delivery. Before exercising that authority, the approval of Procurement Board One must be obtained.
- 4.2 The Council has adopted the Contract Standing Orders and the matters set out therein shall apply to the purchase of all works, goods and services purchased by the Council and as such would apply to the proposals set out in this report. The Contract Standing Orders requires that call contracts with a value in excess of £100,000 are competitively tendered.
- 4.3 The EU procurement regime applies to the proposed tendering exercises by virtue of Public Contracts Regulations 2006. Under these Regulations where the services are set out in Schedule 3 part A the full application of the Regulation applies and the Council has a duty to publish a contract notice in the official journal if the estimated value of the contract exceeds £173,934.
- 4.4 As soon as possible after making the decision to award the contract, the Council must provide a written notice to the unsuccessful bidders, naming the winning bidder and describing the characteristics and relative advantages of the successful tender. The notice also has to state when the 'standstill period' is expected to expire and the date before which the contracting authority will not enter into the contract.
- 4.5 This proposed key decision is entered in the Forward Plan and as the decision will not be taken until 12 May 2014 or after, the necessary 28 clear days notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. Consultation and co-production

- 5.1 The report itself has been agreed with Brixton Green and Ovalhouse.
- 5.2 The assessment criteria used to assess the tenders was developed with input from both the partners, Brixton Green and Ovalhouse, as well as local people. This translated into a greater weighting for the qualitative elements of the bid (being weighted 60% of the marks) and also contributing to the 10 qualitative questions included within the Invitation to Tender.

6. Risk management

Risk	Risk Description	Mitigation(s)	Status (RAG)
Shared vision	Lack of a shared vision for the project	Vision agreed with the partnership and reflects the aspirations and objectives of local	Green

		people	
Design responsibility	Clear decision making in signing off designs	Prepare a design responsibility matrix	Green
Planning	Fail to secure planning permission	Feasibility study prepared to Stage C and has been reviewed by the Major Cases team.	Green
Mature client	Multiple or significant changes to the project which affect delivery	Clear terms of reference for the project steering group in place	Amber
Decision not to proceed to second stage	Cabinet agrees not to proceed with the second stage of the project which includes building the scheme	Financial model demonstrates that land value will cover all upfront professional fees incurred by the project.	Amber

7. Equalities impact assessment

7.1 EIA completed for the November 2013 Cabinet report.

8. Community safety

8.1 Community safety will be a key consideration in terms of the design of the scheme and the future non-residential uses. Crime statistics for the study area demonstrate a crime hot spot around Somerleyton Road passageway and this reflects the concerns raised during consultation.

9. Organisational implications

9.1 Environmental

None

9.2 Staffing and accommodation

None

9.3 Procurement

Procurement was run using a Council-run EU Restricted Procedure via the EU Supply web portal. Full details of the procurement process including the evaluation of the final tenders is included in the Part II report.

9.4 Health

None

10. Timetable for implementation

10.1 Timetable

Milestone	Target Date
PB1 consider report	22 April 2014
Decision published online	1 May 2014
Decision approved	12 May 2014
Call-in period ends	19 May 2014
Release offer and rejection letters	20 May 2014
Enter into agreement	20 May 2014
Coproduce planning application	April to March 2015
Report to Cabinet on Stage 2	December 2014
Procurement of contractor	July 2015

- 10.2 The performance of the contract will be reviewed by the project steering group which is chaired by the Cabinet Member for Housing and Regeneration. The development manager is required to report to the steering group on a monthly basis.

Audit trail				
Consultation				
Name/Position	Lambeth cluster/division or partner	Date Sent	Date Received	Comments in para:
Sue Foster	Strategic Director Delivery	02.04.14	14.04.14	Throughout
Hamant Bhardia - Finance clearance	Business Partnering	02.04.14	07.04.14	Throughout
Michael O'Hara - Legal clearance	Enabling: Integrated Support: Legal Services	26.03.14	28.03.14	Throughout
Democratic Services clearance	Enabling: Corporate Affairs: Democratic Services	02.04.14	03.04.14	Throughout
Councillor Lib Peck	Leader	02.04.14	14.04.14	Throughout
Councillor Pete Robbins	Cabinet Member:	02.04.14	14.04.14	Throughout
External				
Stephen Jordan	Brixton Green	02.04.14	14.04.14	Throughout
Deborah Bestwick	Ovalhouse	02.04.14	14.04.14	Throughout

Report history	
Original discussion with Cabinet Member	02.04.14
Report deadline	N/A
Date final report sent	N/A
Report no.	N/A
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	XX.XX.14
Key decision reasons	Expenditure, income or savings in excess of £500,000
Background information	<p>Future Brixton Website http://futurebrixton.org/somerleyton-road-project/Cabinet (08.07.13): Future Brixton: Somerleyton Road project (report 86/13-14) http://modern.gov.lambeth.gov.uk/ieListDocuments.aspx?CId=225&MId=8562&Ver=4 Cabinet (04.11.13): Future Brixton: Somerleyton Road – project delivery (report 191/13-14) http://modern.gov.lambeth.gov.uk/ieListDocuments.aspx?CId=225&MId=8638&Ver=4 Invitation to Tender document</p>

Appendices	None.
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APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have been consulted on this report:

Signature _____ Date _____

Post Sue Foster

Strategic Director of Delivery

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature _____ Date _____

Post Councillor Pete Robbins

CABINET MEMBER: HOUSING AND REGENERATION

Any declarations of interest (or exemptions granted):

Issue	Interest declared
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