

MAYOR AND CABINET		
Report Title	PMH Programme Update & Procurement Strategy	
Key Decision	Yes	Item No.
Ward	Lee, Bellingham, Sydenham, Evelyn	
Contributors	Executive Director for Customer Services Executive Director for Resources and Regeneration	
Class	Part 1	Date: 10 October 2018

1. Purpose

The purpose of this Mayor and Cabinet report is to:

- 1.1. Set out the rationale for delivering high-quality new social homes through the use of new manufacturing approaches to housebuilding, in the manner of PLACE/Ladywell. Overall this approach - known as Precision Manufactured Housing (PMH) – has the potential over time to secure better quality homes in a more efficient manner, and through a more secure and transparent supply chain, than traditional methods of construction.
- 1.2. Provide an update on progress in delivering new PMH homes in Lewisham, following on from the success of PLACE/Ladywell.
- 1.3. Outline and seek approval for a procurement strategy and associated appointments to secure the next three Council-led developments, totalling 112 new homes, to use the PMH approach to construction.

2. Summary

- 2.1. Following the success of PLACE/Ladywell and its use of innovative precision manufacturing technology, the Council is delivering 3 new PMH housing developments. These developments will utilise the benefits of precision manufacturing in a factory environment to provide 112 new high quality affordable homes for people in local housing need, as well as a range of non-residential spaces.
- 2.2. **The 3 schemes are:**
 - 1) Mayfield
 - 2) Home Park
 - 3) Edward Street
- 2.3. The estimated construction value of these 3 schemes is c. £29.2m.

- 2.4. The Council have bid to both the GLA 'Innovation Fund' and the GLA 'Building Council Homes for Londoners Fund' as part of this programmes funding strategy, with the remainder of delivery costs being funded through either the Housing Revenue Account (HRA) and General Fund (GF).
- 2.5. The Precision Manufactured Housing (PMH) programme forms a fundamental part of the Councils commitment to delivering the Councils previous 500 home house building target (New Homes, Better Places programme), as well as a wider approach to diversifying the construction of affordable homes in Lewisham.
- 2.6. To help develop an intelligent approach to procurement and delivery the Council has carried out market research and robust soft market testing to test the capacity, interest, technological systems and procurement considerations of different Precision Manufactured Housing (PMH) manufacturers across the market. This has stimulated significant interest in the Councils Precision Manufactured Housing (PMH) programme and grown Lewisham's credibility as a Local Authority leader in this space. It has also provided information about the issues arising in relation to delivery of this project, which has helped inform this papers procurement strategy proposals.
- 2.7. It is proposed that a competitive procurement exercise should now be commenced to obtain a contractor who will deliver these Precision Manufactured Homes (PMH). It is proposed that this opportunity will be made available on the basis of either a package of 3 developments (Home Park, Mayfield, and Edward Street) or 2 separate packages (A: Edward Street; B: Mayfield and Home Park). This will in either case be on the basis of a full volumetric turnkey solution (i.e. the procurement of a single contractor to deliver all manufacturing works, and associated assembly and ground works). Further detail will be worked up during preparation of the procurement process about these options and other matters in order to identify the most advantageous delivery route.

3. Recommendations

It is recommended that the Mayor and Cabinet:

- 3.1. Notes the success of the Council's Expression of Interest to the GLA Innovation Fund, as well as the Council's submission to the Building Council Homes for Londoners Fund and that a further Mayor and Cabinet report detailing commitment to invest will be presented for approval in the future;
- 3.2. Delegates authority for the negotiation and signing of funding terms and conditions with the GLA to the Executive Director for Resources and Regeneration on advice of the Head of Law;
- 3.3. Notes the progress made towards the development of 3 new Precision Manufactured Housing (PMH) schemes, including the soft market testing/intelligence gathering exercises carried out to inform the Council's strategy;

- 3.4. Approves the Precision Manufactured Housing (PMH) procurement strategy set out in this report;
- 3.5. Delegates authority for the finalisation of the detail of the procurement process (including the detailed approach, the shortlisting of bidders, etc) to the Executive Director for Customer Services;

4. **Policy Context**

- 4.1. **Shaping the Future**, the Council's Sustainable Community Strategy (2008-2020)¹, includes the following priority outcomes that relate to the provision of new affordable homes:
 - 4.1.1 **Ambitious and Achieving** – where people are inspired and supported to fulfil their potential.
 - 4.1.2 **Empowered and Responsible** – where people can be actively involved in their local area and contribute to supportive communities.
 - 4.1.3 **Clean, Green and Liveable** – where people live in high quality housing and can care for and enjoy their environment
 - 4.1.4 **Dynamic and Prosperous** – where people are part of vibrant communities and town centres, well connected to London and beyond
- 4.2. This report is also in line with the council's policy priority 'Decent Homes for All – investment in social and affordable housing to achieve the decent homes standard and tackle homelessness.'
- 4.3. **Homes for Lewisham**, Lewisham's Housing Strategy (2015-2020)², includes the following priority outcomes that relate to the provision of new affordable homes:
 - 4.3.1. Key Objective 1 – **Helping residents in times of severe and urgent housing need.**
 - 4.3.2. Key Objective 2 – **Building the homes our residents need.**
 - 4.3.3. Key Objective 4 – **Promoting health and wellbeing by improving our resident's homes.**
- 4.4. **People, Prosperity and Place**, the Council's Regeneration Strategy (2008-2020)³, outlines the Council's vision for a 'cohesive, vibrant and dynamic borough'. It is underpinned by a desire to promote sustainable communities in which people live, work and thrive; where social, economic and environmental factors combine to ensure long-term success and durability. Delivering this strategy includes the following priority outcomes that relate to the provision of new affordable homes:

¹ <https://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/strategies/Pages/default.aspx>

²

<https://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/strategies/Documents/HousingStrategy2015.pdf>

³ <https://www.lewisham.gov.uk/inmyarea/regeneration/Pages/People-Prosperity-Place.aspx>

- 4.4.1. **People** – Creating a borough of creative, diverse, cohesive and healthy local communities able to support themselves, act independently and engage actively in partnerships to ensure local people of all ages benefit from regeneration.
- 4.4.2. **Prosperity** – Creating a borough that has a thriving, dynamic and creative economy.
- 4.4.3. **Place** – Creating a borough that provides a high quality of life for all residents through attractive, liveable, accessible and safe neighbourhoods along with the provision of high quality facilities that meet the needs of the community.

5. Background

- 5.1. London and Lewisham face distinct housing challenges in terms of demand, supply and affordability. Meeting these challenges requires innovative solutions capable of adapting to the Capitals housing crisis. Precision Manufacturing offers a new way of delivering high quality, affordable and fast housing production that offers a possible solution to London's housing shortage.
- 5.2. The Council has already achieved notable success with Precision Manufactured Housing (PMH) through the construction of PLACE/Ladywell. This award winning development provides 24 temporary accommodation units for homeless families, creating bright, spacious and modern housing that took 30% less time to construct at a cost that was 20% cheaper than traditional construction methods.
- 5.3. PLACE/Ladywell successfully tested the use of new innovative PMH construction techniques, helping the Council to establish the potential for diversifying the methods of constructing affordable homes in the borough.
- 5.4. The Council's rationale for utilising PMH is outlined in section 6 below.
- 5.5. The successful use of a PMH construction techniques at PLACE/Ladywell has informed an approach to scale up the delivery of new affordable housing across the borough using this technology; in particular at the 3 new PMH schemes proposed in this report. In partnership with the Council's housing delivery and management agent Lewisham Homes, these schemes signal the Council's intent to bring forward a second and much bigger phase of development utilising Precision Manufacturing technology, delivering 112 new units of high quality accommodation for local housing need, as well as a range of non-residential spaces.
- 5.6. The 3 PMH schemes design visualisations have been appended to this report (Appendix 1).

5.7. The 3 PMH developments are:

Project	Location	Number of New Homes	Planning Decision	Procuring Organisation	Estimated Construction Value
Mayfield Lee Ward	Burnt Ash Hill, SE12 0AE	47 New Social Homes	Granted	Lewisham Council	c.£13m
Home Park Sydenham Ward	Winchfield Road, SE26 5TH	31 New Social Homes	Granted	Lewisham Council	c.£6.7m
Edward Street Evelyn Ward	Edward Street, SE14 6DX	34 Temporary Accommodation Units	Awaiting Outcome	Lewisham Council	c.£9.5m
Total		112			c.£29.2

5.8. The development at Edward St is still awaiting Secretary of State consent for a change of land use from education to residential. It should be noted that this consent does not preclude planning consent and is not approval to start building, it is approval to lease the units once the site is built.

5.9. The Council, building on its existing knowledge and credibility within the PMH space, has carried out further work on market intelligence and the procurement strategy for delivering these schemes. This has involved both market research and a robust soft market testing exercise to test the capacity, interest, technological systems and procurement considerations of different PMH manufacturers. This work has been done with the support of experienced market leading consultants Cast.

6. Rationale: Why Precision Manufactured Housing (PMH)?

6.1. Precision Manufactured Housing (PMH) is a method of construction that involves significant portions of a development being built off-site in a controlled factory environment. Units can be fully fitted, wired and clad before being transported to site and assembled in short spaces of time. Digitally enabled construction factories and precision engineering techniques can promote a high quality end product that increasingly offers both design flexibility and high levels of environmental performance. This has the potential to create an efficient, safe and less impactful construction process with fewer building defects.

6.2. On 22nd October 2014 Mayor & Cabinet approved proposals to develop PLACE/Ladywell as the Councils first Precision Manufactured Housing development⁴.

⁴ <http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=3425>

6.3. The Council's vision for PMH is to help meet Lewisham's housing delivery priorities by:

- Increasing fast and efficient housing delivery;
- Diversification of construction techniques and technology as part of a mixed approach to housing delivery;
- Lowering delivery costs and improving housing quality;
- Promoting design flexibility and delivery across a range of housing densities;
- Developing a replicable and scalable PMH approach to help meet the Councils 1000 home target.

6.4. Numerous government publications purport the benefits of PMH housing including Nicky Gavron's (AM) '*Designed, Sealed, Delivered*' report into the role of PMH in solving London's housing crisis⁵, and Mark Farmer's '*Modernise or Die*' review of the UK's labour market⁶.

6.5. Nicky Gavron (AM) makes the following reflection on PMH:

'Today's offsite manufactured homes are characterised by their high quality, precision engineering, digital design and eco-efficient performance, truly twenty-first century homes. Construction within a factory environment achieves quality control that ensures fast builds and lengthy lifespans. The wide range of homes offsite now produces can meet London's complex housing needs, in terms of the variety of demand and sites. Once delivered to site they can be up in a matter of days or weeks, a vital advantage given the acute scale of demand London faces' (p.4).

6.6. As the Council is attempting to build an increasing number of social homes going forward, while under significant budgetary pressure, the role for an efficient, cost effective and high quality construction technique is becoming increasingly important.

6.7. PMH helps to promote a mixed approach to delivering the Councils new 1000 home programme by diversifying its delivery capabilities from utilising traditional construction techniques alone (more info at Appendix 6).

7. PMH Programme Funding

7.1. As part of the Councils PMH funding approach, Lewisham have bid to two sources of GLA funding. These are:

7.1.1. **GLA Innovation Fund**⁷ – This fund supports innovative 'proposals that involve speeding up or improving affordable housing construction in London'. The Council were successful in their Expression of Interest (EOI) to this fund in July 2017. The GLA have provided significant in principle support to the Councils PMH programme and see Lewisham as a leading

⁵ https://www.london.gov.uk/sites/default/files/london_assembly_osm_report_0817.pdf

⁶ <http://www.constructionleadershipcouncil.co.uk/wp-content/uploads/2016/10/Farmer-Review.pdf>

⁷ <https://www.london.gov.uk/what-we-do/housing-and-land/homes-londoners/innovation-fund>

borough in promoting the use of this technology for affordable housing provision. The Innovation Fund could provide up to 40% of total programme costs, amounting to c. £16m.

7.1.2. **GLA Building Council Homes for Londoners Fund**⁸ – This fund was released in May 2018 and promotes increasing HRA funding headroom and a per unit grant rate at £100k for new social rented properties with rents set at social rent levels, or London Affordable Rent. The programme intends to support delivery of 10,000 new Council housing starts by March 2022, with an emphasis on early delivery. As set out in the Mayor and Cabinet report of 20th September 2018, the Council intends to bid for in the region of £57.5m grant funding and £51.4m of additional HRA borrowing to support the development of 782 homes of the Council’s new 1,000 Home programme.

7.2. Following the outcome of these funding applications Council officers will negotiate with the GLA to develop the most advantageous funding programme available for PMH delivery.

7.3. It is anticipated that the remainder of PMH non-grant costs will be covered through the Housing Revenue Account (HRA) and General Fund (GF). This has already been earmarked for delivering the previous 500 home ‘New Homes, Better Places’ programme. Further reports on funding will be brought to Mayor and Cabinet in the future.

8. Soft Market Testing & PMH Procurement Strategy

8.1. The Council, working with consultants (Cast - a market leading consultancy operating in the PMH space) has tested market capacity, interest, technological systems and the procurement considerations of different PMH manufacturers.

8.2. Work has been carried out in two phases to develop a procurement strategy:

8.3. **Phase 1:** a holistic market overview into the use of PMH in the residential sector, surveying a broad market section to understand appetite for the Councils PMH delivery programme.

The key findings identified:

8.3.1. **Volumetric System:** The 3 sites referred to in this report are most suitable for delivery using a full volumetric PMH system - i.e. where units are developed as 3d volumetric boxes, constructed and fitted out in a factory environment, and then bolted together on site to form a fully assembled product. In contrast, a 2d panelised system is where only individual panels are produced in a factory environment. These are then assembled into 3d volumetric structures on-site.

⁸ <https://www.london.gov.uk/what-we-do/housing-and-land/increasing-housing-supply/building-council-homes-londoners>

- 8.3.2. **Turnkey Solution:** The approach to procurement is recommended as a full turnkey solution, providing a single point of delivery ownership (i.e. a single manufacturer will deliver both the factory works, grounds works, on-site installation and assembly).
- 8.3.3. **Soft Market Testing:** The need for a second stage of soft market testing to engage with volumetric manufacturers to understand their procurement preference and interest in the Councils programme.
- 8.4. **Phase 2:** a soft market testing exercise focusing on PMH volumetric manufacturers. 15 organisations were interviewed representing a large portion of the current PMH manufacturing sector working on the delivery of residential housing nationally.

The key findings identified:

- 8.4.1. **Significant Interest:** There is significant interest from volumetric manufacturers to deliver the Council's PMH programme and to build stronger working relationships with Lewisham.
- 8.4.2. **Design Rationalisation:** Manufacturers highlighted that the schemes would require some level of redesign to make designs compatible with their technological systems, as well as promoting design rationalisation and economies. It would not necessitate resubmission to planning.
- 8.4.3. **Packaging of Sites:** Manufacturers were dis-incentivised by stand-alone schemes. Packaging sites was identified as more appealing due to the critical mass of the opportunity. It is proposed that this opportunity will be made available on the basis of either a package of 3 developments (Home Park, Mayfield, and Edward Street) or 2 separate packages (A: Edward Street; B: Mayfield and Home Park). Officers will work through options to identify the most advantageous route for delivery.
- 8.4.4. **Hybrid Pricing Approach:** Ground works contain the greatest risk to a project based on the level of unknowns in the ground. Therefore, it is recommended that a fixed price for above groundworks (i.e. factory manufacturing and on-site installation), and a provisional sum for the below ground works be utilised.
- 8.4.5. **OJEU Procurement:** An OJEU compliant procurement exercise is necessary given the Council's legal obligations, however, officers highlight this route is unappealing to the market and that it carries risk of deterring potential bidders. The Council may wish to reduce risk of inadequate response by accommodating more attractive procurement conditions such as:
 - a) **Quality vs Price:** A quality/price evaluation split that weighted quality more favourably. It is proposed that a 60% (quality) vs 40% (price) split is used. This would promote increased confidence from manufacturers that the Council would not look to simply go with the

lowest bid, but is procuring for a high quality and sustainable construction product.

- b) **Submission Period:** Allowing sufficient time (about 6 to 8 weeks) for the submission of detailed tender documentation, which is time and cost intensive for bidding parties.
- c) **Shortlisting:** Interviewed organisations strongly indicated that limiting the number of organisations invited to tender would be preferential – ideally so that only three tenders were invited - due to the level of time and cost invested in a thorough bid submission. This is not possible, due to the Council's legal obligations under the Public Contracts Regulations 2015 which require that a minimum of 5 tenderers are invited. Officers highlight the risk of an inadequate quality of response in this approach.

8.4.6. **Social Value:** Manufacturers recognised the need to promote local labour, training opportunities and broader social value, however many expressed concerns about the challenges in delivering this based on the geographical position of their factories. Manufacturers did reference that on-site assembly/security/management could be utilised to deliver local jobs and training opportunities, and that further increased social value could come from the development of local based production facilities. Soft market testing appears to demonstrate that the PMH sector is well developed and technologically advanced in the UK.

- 8.5. Officers therefore recommend that the Council commence a competitive procurement process for a contractor for the delivery of homes at Home Park, Mayfield, and Edward Street using a precision manufactured process; decisions on the detail of the procurement process are to be delegated to the Executive Director of Customer Services.
- 8.6. In particular, this will be on the basis of a restricted OJEU compliant procurement exercise to procure a single manufacturer to deliver a full volumetric turnkey solution. It is proposed that this opportunity will be made available on the basis of either a package of 3 developments (Home Park, Mayfield, and Edward Street) or 2 separate packages (A: Edward Street; B: Mayfield and Home Park). The available options will be explored in greater detail to identify the most advantageous delivery route.
- 8.7. In addition to this procurement exercise officers will obtain the services of additional delivery support and technical expertise to build an appropriately experienced design team to successfully deliver these 3 schemes. This will be made up of an Employers Agent, Technical Project Management and Legal support, all with knowledge of the PMH market.

9. Kenton Court

- 9.1. Kenton Court has previously been reported to Mayor and Cabinet as part of the PMH programme. It is no longer to be a part of this programme. Rather, it will

be procured by Lewisham Homes as a 2d panelised solution and therefore will not be included in this exercise. This approach was approved by Mayor and Cabinet (11th July 2018⁹). The rationale for this decision is due to the logistical challenges Kenton Court presents for the delivery of a full 3d volumetric product. There are also a number of economy of scale advantages that the geographical proximity of Kenton Court to other Lewisham Homes procurement sites located in Forest Hill and Sydenham afford.

10. Lewisham Homes Management Agreement

10.1. Lewisham Homes is a wholly owned subsidiary of Lewisham Council and operates as its housing development and management agent. The governance arrangements between the Council and Lewisham Homes are set out in a Management Agreement. The Council and Lewisham Homes have been, and are continuing to, discuss the most advantageous delivery route for the Council's new build programme, taking into account their current governance and delivery arrangements. Whilst these discussions occur, Lewisham Homes and the Council have agreed that the Council will lead on the procurement of the PMH programme as set out in this report. In particular, the Council has grown its credibility in the PMH market and has created considerable traction and strategic insight into delivering new homes through this technology. This provides the Council with a good opportunity and market understanding when developing and implementing a PMH procurement approach.

11. Future PMH Opportunities: Approach to Innovation and Partnerships

11.1. As part of the soft market testing exercise officers explored manufacturer's appetite for different procurement and delivery routes, working towards the establishment of a future scalable and replicable model of PMH delivery. Discussions centred upon developing a long term approach to innovation and partnership. This explored the development of a local production facility in borough, as well as partnership opportunities to appoint a single manufacturer of 'choice' for part of the Councils growing housing pipeline. In a rapidly growing market, the rationale of such an approach would be to generate significant control and reliability over the supply of new high quality social homes, generating both value and scale.

12. PMH Delivery Programme

12.1. The table below represents indicative key milestones for the delivery of the PMH programme moving forward.

Activity	Date
Edward Street Planning Approval	October 2018
Mayor and Cabinet: Procurement Strategy Approval	10 th October 2018
Procurement of Employers Agent, Legal Support, Technical Advisor	October - November 2018

⁹ <http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=139&MId=5206>

Manufacturer Procurement Period	November 2018 – February/March 2019
GLA Financial Agreements Signed	January/February 2019
Mayor and Cabinet: Appointment of Manufacturer	March/April 2019
Start on Site	Summer 2019
Practical Completion	Summer 2020

13. Financial Implications

- 13.1. The Council's current 30 year financial model for the Housing Revenue Account (HRA) already includes provision for the original 500 new homes target, for social rent purposes. This includes the developments at Mayfield and Home Park.
- 13.2. The delivery of the HRA Social Units outlined in this report will be funded from this provision. This is across the schemes at Mayfield and Home Park.
- 13.3. The detailed financial implications for the Edward Street development, a General Fund scheme, are contained in part 2 of the Mayor and Cabinet report dated 10th January 2018. Mayor and Cabinet approved the budget for Edward Street as well as noting the developments business case at this meeting.
- 13.4. The Council have applied to both the GLA Innovation Fund and the Building Council Homes for London Fund. Council officers will negotiate with the GLA to secure the most advantageous funding model for the PMH programme. A report detailing commitment to invest will be presented to Mayor and Cabinet for approval prior to appointing a manufacturer.

14. Legal Implications

- 14.1. The estimated values of the three contracts over their proposed potential lifetimes makes them Category 'A' contracts under the Council's Contract Procedure Rules. The contracts will be over the OJEU threshold and will need to be tendered by public advertisement with an OJEU notice, or by use of an OJEU compliant public consortium Framework Agreement; or by use of a dynamic purchasing system. The report recommends tendered by public advertisement with an OJEU notice using the restricted procedure, which would be compliant with Contract Procedure Rules and the Council's legal obligations.
- 14.2. If the restricted procedure is employed, then under section 28 of the Public Contract Regulations 2015 an open call notice for competition will first need to be made setting out information for qualitative selection. Following assessment of the information provided a minimum of 5 candidates must be invited to go through to the full tender round.
- 14.3. The contracts will fall under the Key Decision provisions, being over £200,000 and any award will need to go in the Forward Plan.
- 14.4. The Council will need to comply with any grant funding requirements under the bid for GLA funding.

- 14.5. The Public Services (Social Value) Act 2012 requires that when the Council is procuring services above the EU threshold it must consider, before commencing a procurement process, how the procurement might improve the social, economic and environmental wellbeing of the area. It must also consider how the procurement might be conducted so as to secure that improvement. The matters to be considered must only be those relevant to the services to be procured; and it must be proportionate in all the circumstances to take those matters into account. These requirements are part of the Council's Constitution (Part IV.I Contract Procedure Rules).
- 14.6. The Council's Sustainable Procurement Code of Practice will be applied to this contract. This sets out various social, environmental and economic considerations to be applied. The purpose is to ensure that products and services are sourced and produced responsibly; to maximise resource and energy efficiency in the manufacturing and supply of goods and services in order to minimise environmental impacts; and to deliver outstanding value for money over the entire lifetime of the contract.
- 14.7. Information about how social value will be incorporated within the procurement process considered in this report are set out in paragraphs 16 and 17 below which address environmental and sustainability issues; London Living Wage / pay approach; apprentices / training; etc.
- 14.8. The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 14.9. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- 14.9.1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - 14.9.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - 14.9.3. Foster good relations between people who share a protected characteristic and those who do not.
- 14.10. The duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

15. Crime and Disorder Implications

- 15.1. There are no direct crime and disorder implications arising from this report. All PMH schemes will consider the impact of their developments on the local area

and will work to improve, where possible, local design, lighting, walking routes and place characteristics to promote safety and security.

- 15.2. All individual projects included in the PMH programme have been submitted for Mayor and Cabinet approval to progress to planning. These and subsequent reports will clearly set out any specific crime and disorder implications.

16. Equalities Implications

- 16.1. This programme will increase the number of social rent homes and temporary accommodation available in the borough, enabling more households on low incomes to access safe and secure accommodation.
- 16.2. All individual projects included in the PMH programme have been submitted for Mayor and Cabinet approval to progress to planning. These and subsequent reports will/have clearly set out any specific equalities implications.
- 16.3. As part of the procurement process bidding parties will be asked to clearly identify their approach to promoting social value and equalities. The Public Services (Social Value) Act 2012 will apply when procuring services above the EU threshold to promote environmental, economic and equal opportunities. This will include bidding parties identifying their approach to local labour opportunities, training opportunities, the London Living Wage, apprenticeships, equal rights and non-discrimination etc.
- 16.4. Bidding parties will need to demonstrate their application of Council equality and diversity policies to avoid unlawful discrimination and promote social benefit. Lewisham Council believe in equal opportunities for all and strive to work with contractors that promote best practice, promoting and protecting equalities in employment. Legislation on race, sex, disability, religion, sexual orientation, gender and age, give local authorities a general duty to promote equal opportunities. This also applies to any organisation providing a service on behalf of the Council. It is therefore standard practice for the Council to evaluate its potential contractors, suppliers and service providers on equality and diversity policies and practices in respect of service delivery. Such policies are now becoming recognised as part of good management practice. Employers that adopt good equality and diversity policies will therefore be benefiting themselves as well as meeting the Council's requirements. A list of relevant policy will be included in procurement documentation.
- 16.5. Contracts will be used to encourage equality and diversity in the following ways:
 - 16.5.1. We use contracts to encourage equality and diversity in three main areas.
 - **Employment** - employment policies, procedures and practices of contractors

- **Service delivery** - encouraging contractors to provide equally accessible services
 - **Opportunity** - providing information for ethnic minority firms on how to tender for Council contracts
- 16.6. The Council want to have a more united approach to equality and diversity so we are developing services that:
- Reflect our commitment to equal opportunity;
 - Help provide quality and value for money; and
 - Set clear standards.
- 16.7. Chosen contractors will be monitored and evaluated at different stages of a contracts lifecycle so to evaluate and monitor performance against Council standards.
- 16.8. Bidding manufacturers will be encouraged to engage and collaborate with both the Lewisham Construction Hub, as well as Lewisham and Southwark College (LESOCO), promoting local job opportunities, securing local economic benefits and developing models for new methods of PMH construction training.

17. Environmental Implications

- 17.1. The use of PMH techniques promotes improved environmental performance and sustainability through a number of factors. These include: improved environmental and thermal performance of housing units, reduced material wastage and on-site noise and pollution, fewer material deliveries and reduced building maintenance requirements.
- 17.2. All individual projects included in the PMH programme have been submitted for Mayor and Cabinet approval to progress to planning. These and subsequent reports will/have clearly set out any specific environmental implications.
- 17.3. As part of the procurement process bidding parties will be asked to clearly identify their approach and track record in promoting sustainability and environmental benefits, including information on construction materials and techniques, health and safety measures, transportation, assembly and ongoing building environmental performance, carbon monitoring and management, non-renewable goods and waste management etc. Contractors will need to implement as far as reasonably practicable the Councils sustainable codes of practice, helping the Council utilise its purchasing power to achieve beneficial social, economic and environmental outcomes.
- 17.4. Sustainable Procurement in Lewisham Council focuses on 3 key objectives:
- **Environmental sustainability** – promoting environmental sustainability and accountability, promoting practices that are not environmentally detrimental and have mitigation and protection strategies in place

- **Ethical sourcing** – commissioning and procurement must be undertaken to the highest ethical standards acting openly and transparently to all companies, organisations or individuals;
 - **Local labour and business** – promoting local labour opportunities, skill progression and opportunities
- 17.5. The Health And Safety At Work etc Act 1974 places a moral and legal duty on an employer to ensure, so far as is reasonably practicable, the health and safety at work of his or her employees and others affected by its activities. If you employ five or more people you must, by law, have a written statement of your health and safety policy.
- 17.6. Chosen contractors will be monitored and evaluated at different stages of a contracts lifecycle so to evaluate and monitor performance against Council standards

18. Conclusion

- 18.1. Precision Manufacturing technology offers a new way of delivering high quality, affordable and fast housing production as a possible solution to meeting Lewisham and London's critical housing shortage. Its key benefits and challenges have been analysed above. The aspiration of the Council is to cement PMH as a replicable and scalable approach to the production of high quality and sustainable developments that are delivered quickly and efficiently.
- 18.2. Utilising expert consultancy support (Cast Consultancy) and through broad market engagement, Council officers have developed a collaborative procurement route through which the PMH programme will be delivered. This transparent and open process has built Lewisham's reputation and credibility within the PMH space, driving public sector learning and innovation, and building public-private relationships for potential future PMH partnership progression and innovative procurement routes.
- 18.3. The Council has a strong reputation for forward and innovative housing delivery methods. Drawing on this success, and the knowledge gained, the Council intend to continue to consider Precision Manufactured Housing (PMH) for further future developments.
- 18.4. If you have any queries relating to this report please contact Jeff Endean on 020 8314 6213.

Appendices

Appendix 1: Precision Manufactured Housing (PMH) Scheme Visualisations

Mayfield



Home Park



Edward Street

