


London Borough of Hammersmith & Fulham CABINET 3 DECEMBER 2018		
APPOINTMENT OF CLIENT TECHNICAL ADVISOR HAMMERSMITH TOWN HALL REFURBISHMENT PROJECT		
Report of the Cabinet Member for the Economy and the Arts – Councillor Andrew Jones		
Open report A separate report on the exempt part of the Cabinet agenda provides information about the tender evaluation.		
Classification: For decision Key Decision: Yes		
Consultation: Legal, Finance, Procurement, Commercial, Business, Equality, IT and Risk Management.		
Wards Affected: Hammersmith Broadway		
Accountable Director: Jo Rowlands, Strategic Director for Growth & Place		
Report Author: <i>Archie Adu-Donkor, Major Projects Manager, David Burns, Assistant Director for Growth</i>		Contact Details: Tel: Archie Adu-Donkor 020 8753 5535 (archie.adu-donkor@lbhf.gov.uk)

1. EXECUTIVE SUMMARY

- 1.1. The success of the refurbishment of the Grade 2 listed Town Hall is key to the delivery of the West King Street Renewal (WKSR) project. This major refurbishment project has many complex parts. This includes heritage works and a new build roof extension office space to accommodate Council staff.
- 1.2. These complex multi-faceted refurbishment works require a Client Technical Advisor to advise and support the client team. The firm appointed will advise and support the client team during the pre-construction and construction phases of the programme. They will initially advise and support the client team to develop a technical brief and associated heritage protection requirements for these works.
- 1.3. This service arrangement also includes project management of the fit out works for the newly refurbished Town Hall and after care services.

- 1.4. This paper seeks approval to appoint Currie and Brown as Client Technical Advisers under the Crown Commercial Services (CSS) Project Management and Full Design Team Services framework under *Lot 2 Project Management Suppliers*.

2. RECOMMENDATIONS

- 2.1. That Currie and Brown Consultancy be appointed as Client Technical Advisor for the Hammersmith Town Hall Refurbishment Project at a fixed fee of **£361,477.40**. This is a fixed price contract for three years.
- a. That approval be given to appoint Currie & Brown for the Whole Refurbishment Project Scope of Services including Post Construction Stage Services. The key services for the stages are:
- **Pre-Construction Stage:** (*Surveys, Technical Work, Development of Client/Employers Technical Requirements for Detailed Design*)
 - **Construction Delivery Stage** - *including Project Management of the Fit-Out Phase of the programme*
 - **Post Construction** – *Commissioning Phase, Defects Period, After Care and Life Cycle Advice. This also includes advice on Operations and Maintenance*
- 2.2. That the Construction, Fit Out and Post Construction Stages of this appointment proceeds once the overall scheme receives Planning Permission and subject to Cabinet Approval.
- 2.3. To approve a budget of **£261,477.40** for Construction, Fit Out and Post Construction stages of the Technical Advisor fees, taking the total budget for Technical Advisor fees proposed for all the stages of this three years programme to **£361,477.40**.
- 2.4. To note that Cabinet has already approved a budget of **£100,000.00** for the pre-construction stage (*surveys and technical works*) for this scheme. Please see: *West King Street Cabinet Report 9th July 2018 - [Report Item 2.8]*
- 2.5. That approval be granted to enable the Technical Advisor to mobilise and prepare for detailed pre-construction surveys and design works expected to start in late Autumn 2018.
- 2.6. That retrospective approval be given for the Procurement Process followed as advised in Item 12.3 of this report.

3. REASONS FOR DECISION

- 3.1. The level of expertise and support required to complete the technical specification and provide ongoing technical advice is not available in house.

- 3.2. Currie and Brown submitted the most economically advantageous Tender (MEAT), in accordance with the evaluation criteria specified in the tender documentation.
- 3.3. This organisation has demonstrable experience and capacity to support the Council in the development of the detailed design stages of the Town Hall Refurbishment.
- 3.4. Further information on evaluation of the Tender is set out in Appendix Section (*Appendix 1*) contained in the exempt part of the agenda.

4. BACKGROUND

- 4.1. In March 2017 the Council's agreement with the previous developer (KSD) ended. Since then the Council has been developing the Town Hall Project with a new developer, A2 Dominion. This development programme includes the major refurbishment of the Grade 2 listed Town Hall building.
- 4.2. These Refurbishment and Heritage Protection Works also includes a new build extension on top of the existing Town Hall roof. This office space extension will enable most of the Council's services to co-locate in one place. The new co-location arrangement is expected to improve the operations of the Council. There is a need to appoint a Technical Advisor to advise and support the client team to deliver this key project to the expected budget, quality and timeframe.
- 4.3. As the Town Hall will be closed during the construction phase of the project, completing the refurbishment on schedule is vital to ensure that there are no delays to staff moving back to the Town Hall and the facilities being brought back into operation e.g the Council Chamber and the Assembly Hall.
- 4.4. The proposed scheme brings considerable improvement to the King Street area including; vibrant and welcoming public realm, vastly improved accessibility for users, consolidated office space, cinema and retail space as well as 204 new homes.

5. BUDGET IMPLICATIONS

- 5.1. Item 2.8 of the July 9th 2018 West King Street Cabinet Report approved a budget of **£100,000.00** for the Pre-construction stage of this three years appointment (surveys and technical works).
- 5.2. There is now a request for additional expenditure of **£261,477.40** to support the client during the Construction Stage, Fit Out Stage and Post-construction (after care stage) of this programme. Therefore, budget approval is sought for these future stages of the programme.
- 5.3. Although the appointment is for three years, the Council can terminate this appointment should the scheme not progress beyond Planning Permission and Cabinet Approval for the whole scheme.
- 5.4. ***Why the Tender Price is Higher than the Initial Estimates***

- a. The initial budget estimate of **£100,000** was only for the Preconstruction Stage Scope of Service (Survey and Technical Works). This has already received Cabinet Approval in July 2018.
- b. After further consideration of the programme, Tenders were asked to quote for the overall programme Scope of Services from Pre-Construction to Post Construction. This was to obtain cost efficiencies and economies of scale and to keep to programme time and budget.
- c. This is also on the basis that should we secure Planning Permission and Cabinet Approval for the overall scheme, Client Technical Advice and Support will be available without delay for the remaining stages of the programme.
- d. The appointment is a Fixed Price Contract for 3 years. We do not foresee any uplift in fees during the contract period. As already noted in (Item 2.2) the Council can terminate this appointment should the scheme not progress beyond Planning Permission and Cabinet Approval for the whole scheme.

6. THE PROCUREMENT PROCESS

- 6.1. Eleven firms in Lot 2 (Project Management Suppliers) of the Crown Commercial Services Project Management and Full Design Team Services Framework were invited to bid. Only 2 firms submitted tenders – Currie & Brown and Turner and Townsend.
- 6.2. Full details of the evaluation of the tenders are set out in **Appendix 1** (contained in the exempt part of the agenda).

7. CONSULTATION

- 7.1. There are no direct consultation implications associated with the appointment of the Technical Advisor for this project as the majority of contact with local stakeholders will be conducted as part of the wider scheme. The firm appointed will advise the Council on the technical aspects of the Refurbishment and Heritage Design and Works for this programme.
- 7.2. The appointed firm will work with technical team including Property, Facilities Management and IT to ensure that the scheme once delivered meets the technical needs of the relevant departments.
- 7.3. How the space is used and / or configured will not be managed directly by the appointed advisor, so internal stakeholder engagement (including staff) will be limited.

8. EQUALITY IMPLICATIONS

- 8.1. It is not anticipated that the appointment of a Client Technical Adviser for the refurbishment programme will have any direct negative impact on any groups with protected characteristics under the terms of the Equality Act 2010.

8.2. Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

9. LEGAL IMPLICATIONS

9.1. A mini-competition under the CCS Project Management and Full Design Team Services framework was conducted via the council's capitalesourcing.com procurement portal.

9.2. Tenders were evaluated in accordance with the pre-published evaluation criteria, the results of which are set out in Appendix 1 (contained in the exempt part of the agenda). Currie and Brown ultimately submitted the most economically advantageous tender, and may therefore be awarded the contract (budget permitting).

9.3. *Implications completed by: Hector Denfield, Solicitor, Sharpe Pritchard LLP on secondment to the council, tel. 020 7061 5907, tel. 020 7405 4600.*

10. FINANCIAL IMPLICATIONS

10.1. The proposals in this report require the potential additional use of Earmarked Reserves of £261,471.

10.2. Use of reserves as recommended in this report will reduce the sum available to manage future financial risks or invest in other priorities.

Existing budgets and immediate budget requirements

10.3. A summary of the current budgets approved and actual spend to 30th September 2018 on the West King Street Renewal Project is set out below.

Existing Revenue Budgets	Date of approval	Budget £	Actual spend to date £
Decant and Professional Advice Enabling Budgets (including existing £100k budget)	Cabinet 9th July 2018	£476,000	£124,455
Financial Advice Contract budget addition	Cabinet Member Decision 4th May 2018	£48,850	£0
Project Team and Consultant Advisors	Cabinet 5th March 2018	£360,000	£284,785
Decant of Town Hall and Extension Enabling	Cabinet 5th March 2018	£1,510,000	£16,500
Council Accommodation Delivery Team	Cabinet 5th March 2018	£250,000	£26,500
Project costs	Leaders Urgency April 2017	£250,000	£14,878
Total Budgeted Costs to Date		£2,894,850	£467,118

10.4. This report seeks approval for additional budget of £261,471.40 in addition to the existing £100,000 to fund the expected cost of appointing Currie and Brown UK Limited to the role of technical advisors to the West King Street

Renewal Project. This would take the total value of budgets approved to date for the West King Street Renewal project to £3,156,321.40.

Funding of Project Budgets

- 10.5. It is proposed that the extra budget of £261,471.40 now required, be funded from the existing earmarked reserve for King Street.
- 10.6. Provision to fund the full £3.156m will thus be initially set aside from Reserves. Assuming the project progresses some costs, subject to compliance with accounting requirements and Capital Finance Regulations, may be capitalisable as they enable vacant possession¹ or relate to a permanent relocation of a service. All expenditure and funding sources, including section 106,² will be reviewed as part of the business case.
- 10.7. However, should the project not progress all costs will need to be written off against reserves save where they potentially relate to the permanent relocation of a service, such as that for elements of the ICT infrastructure and the CCTV. If there is a challenge to the planning permission or it is called in project costs would increase.
- 10.8. The capital costs cannot be funded from Housing Capital receipts³, however the Housing Revenue Account can be recharged for an appropriate share of the revenue costs. The amount rechargeable will depend on the space occupied at the time by staff who are charged to the HRA but is likely to be between 9.5% and 12% of the revenue costs.⁴

Financial strength of the selected contractor

- 10.9. The Instructions to Tenderers document stated that all bidders must achieve a credit safe score of 50 or above and have an average turnover over the last two financial years of double the contract value. Currie and Brown UK Limited do qualify as they scored 91 on their creditsafe score⁵ and have an average turnover of £43.67m over the last two years.

Financial Risks

Financial Management of the contract

- 10.10. Ongoing monitoring of the financial strength of the contractor throughout the period of the contract will be necessary.

¹ Note this would only include the costs of moving services and would not include any ongoing rental or running costs

² This may also include reviewing the s123 CIL list

³ As the capital costs are for Council Offices not Housing but the HRA can pay a share of the capital financing charges

⁴ Note this is likely to change in future years as the proportion of staff Council staff who are charged to the HRA varies over time.

⁵ Credit check carried out by Finance and Governance out on 1st October 2018 and creditsafe score taken as at 20th June 2018.

10.11. As with all contracts it is important that the service contract manager robustly manages and monitors the contract, including ensuring that services have been delivered to a good standard before invoices are approved.

Risk of scheme not proceeding

10.12. As set out in previous Cabinet reports there are cost risks relating to the West King Street Renewal scheme not proceeding. At the time of writing these are limited to the spend to date which as at 30th September 2018 were £467k. However, this risk will increase as the scheme progresses and as more budgets and commitments, including the one requested in this report, are entered. These risks should be carefully managed.

10.13. Cost exposure based on the budgets proposed in this report and those already agreed is £3.156m

10.14. If the scheme does not progress, it's likely that all or part of these costs would be a revenue charge to the Council and for this reason it is proposed to fund all the initial budgets from reserves as set out above. To help mitigate this risk the Council should ensure it can, as far as reasonably possible, retain control of design information, as if this information and some of the work benefited a future scheme it would remain capitalisable.

10.15. Any amounts written off to revenue would be shared with the HRA, as set out previously in this report, this could account for between 9.5% and 12% of the costs.

10.16. Therefore, it's important the Council carefully assesses and controls costs at each stage of the process/ Total project costs are still fluid as many different elements, such as the refurbishment of the Town Hall are being worked up in more detail. The final land receipts and profit share under the proposed agreement are still being fully assessed. While it's understood there's a desire to ensure speedy delivery of the project this needs to be balanced with moving at too fast a pace and incurring too many costs at risk.

10.17. Therefore, the proposed contract with Curry and Brown should be monitored, not just against the total contract value and budget of £361,471.40 but also against each stage of the contract. The budget for the first stage of work is £100,000 and approval if Programme Board should be given before progressing beyond this stage.

10.18. *Implications completed by: Firas Al – Sheikh, Head of Housing Investment Strategy, tel. 0208 753 4790.*

10.19. *Implications verified by: Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.*

11. IMPLICATIONS FOR BUSINESS

11.1. The Completion of the new Town Hall Complex is in line with the Council's Corporate Objectives. The new Town Hall Complex will bring investment and

employment opportunities to the local area. This will help to immensely improve the local business environment.

- 11.2. *Implications completed by: David Burns, Assistant Director, Growth, tel. 020 8753 0824.*

12. COMMERCIAL IMPLICATIONS

- 12.1. The procurement was conducted by calling off from the Crown Commercial Services framework and conducting a mini-competition. The expected value of the contract was £99,900.
- 12.2. Out of the 11 suppliers invited to bid under the framework agreement, two submitted a tender response. Both bidding prices are over the estimated value of £99,900. The tender responses exceed the statutory threshold of £181,302. The CCS Framework the officer used to call off from has been procured in compliance with the Public Contracts Regulations (PCR) 2015. Therefore, the procurement is compliant with the Regulations, even if its value was initially underestimated, under the statutory threshold. commercial implications must be set out here.
- 12.3. However, according with the Council's Contracts Standing Order (CSOs 8.12.1), *all Procurement Strategies and Business Cases where the estimated value is £100,000 or greater must be approved by the Cabinet prior to the commencement of any tendering exercise and agreed as a Key Decision. As a strategy has not been signed off by Cabinet, this report shall also seek retrospective approval of the procurement process followed – mini-competition under the CCS framework.*
- 12.4. The evaluation process of the tender responses was carried out in accordance with the pre-published evaluation model and award criteria, in accordance with the CCS framework instructions. The Tenders Appraisal Panel (TAP) formed reached a consensus without individual evaluations from its panel members. Therefore, there is no clear audit of the evaluation process including individual scoring.
- 12.5. Following the evaluation process based on a 60%(Quality)-40%(Price) ratio, it was concluded that Currie and Brown Consultancy are the most economically advantageous tenderer.
- 12.6. A contract entry shall be created in the Contracts Register, capitalEourcing and the contract shall be continuously monitored and managed in accordance with the established KPIs.
- 12.7. *Implications verified/completed by: Andra Ulianov, Procurement Consultant, tel. 020 8753 2284.*

13. IT IMPLICATIONS

- 13.1. IT Services will work with the programme and the Technical Advisor to specify the IT and network connectivity requirements for the fit out.

13.2. *Implications completed by: Veronica Barella, Chief Information Officer, tel. 020 8753 2927.*

14. RISK MANAGEMENT

14.1. There is an urgent need to appoint Technical Advisor to advise the Council on the technical aspects of this complex refurbishment and heritage works for the Grade 2 Listed Town Hall Building. The appointment of this advisor will reduce the Council exposure to risk during the preconstruction and construction phase of the programme.

14.2. *Implications completed by: David Hughes, Director, Risk Management, tel.020 7361 2389.*

15. THE PROGRAMME TIMETABLE

15.1. Draft Outline Timetable

- Appointment of Technical Advisor & Stage 2 Close Out – **Autumn 2018**
- Commencement of Detailed Design and Contractor Tender Information –**by late Autumn 2018**
- Main Contractor Tender Documents Issued – **First Quarter of 2019**
- Main Contractor Appointed – **by late Autumn 2019**
- Vacant Possession of Town Hall - **by Spring 2019**
- Commencement of Demolition – **Spring 2019**
- Commencement of Main Works on Site – **by First Quarter of 2020**
- Handover of Town Hall and Extension for Fit Out – **by Spring 2022**
- Completion of Project – **by last Quarter of 2022**

16. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

16.1. None.

LIST OF APPENDICES

Appendix 1 – Tender Evaluation Summary Sheet (*contained in the exempt part of the agenda*).