

<p>London Borough of Hammersmith & Fulham</p> <p>Strategic Director Decision</p> <p>Strategic Director for Growth and Place</p> <p>April 2019</p>	
<p>VARIATION TO THE CONTRACT FOR THE CONSTRUCTION OF THE SANDS END ARTS & COMMUNITY CENTRE</p>	
<p>Report of the: Head of Area Regeneration – Growth and Place</p>	
<p>Open Report with exempt appendices</p> <p>The appendices 1 & 2 are exempt from disclosure on the grounds that they contain information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Consultation: Equalities, Legal, Finance, Business, Commercial, IT, Risk</p>	
<p>Wards Affected: Sands End Ward</p>	
<p>Accountable Director: Jo Rowlands, Strategic Director of Growth and Place</p>	
<p>Report Author: Matt Rumble, Head of Area Regeneration</p>	<p>Contact Details: Tel: 020 8753 4552 E-mail: Matt.Rumble@lbhf.gov.uk</p>

AUTHORISED BY:
The Strategic Director Growth & Place
has signed this report.

DATE: 4 April 2019.....

1. EXECUTIVE SUMMARY

- 1.1. Hammersmith and Fulham Council has committed to building the Sands End Arts & Community Centre (SEA & CC) to serve local residents on the site of the existing Clancarty Lodge Depot in South Park, Fulham.
- 1.2 This report sets out the variation to the contract with Neilcott to build the SEACC and to bring the contract sum to within approved budgets.

2. RECOMMENDATIONS

That the Strategic Director of Growth and Place:

- 2.1 Authorises the variation to the contract and packages of works, based on the value engineering exercise completed. (The changes are set out in the exempt appendix 1).

3. REASONS FOR DECISION

- 3.1. The decision is required to bring the cost of constructing the Sands End Arts & Community Centre to within the approved budget.

4. PROPOSAL AND ISSUES

- 4.1. The Council has committed to building the Sands End Community Centre on the site of the existing Clancarty Lodge Depot in South Park, Fulham. The key aim is to deliver a sustainable community asset for local residents.
- 4.2. In February 2017 a Leader's Urgency Report approved the procurement of a multi-disciplinary team led by Architects to design the new centre and secure planning consent for the scheme.
- 4.3. A planning application for the Sands End Arts & Community Centre was approved by the Planning and Development Control Committee (PADCC) on 5th December 2017.
- 4.4. The new centre will provide a range of flexible new spaces for community use, changing rooms and WC's, a café, and a nursery within a new single storey structure totalling 760sqm. The existing Clancarty Lodge will be refurbished and extended to provide community space for residents to use.
- 4.5. An enabling works contractor carried out preparatory works including the demolition of existing structures (excluding the Clancarty Lodge) to the site concluding in March 2018.
- 4.6 In June 2018, the council carried out an open tender process and received four bids, however the council was unable to appoint a contractor as bidders failed to meet minimum quality requirements.

- 4.7 A second procurement process was launched in September 2018. In December 2018 six tenders were received, two were non-compliant.
- 4.8 The quality of the compliant bids from the second procurement were high compared with the first process, however the tendered sum of each of the 4 bidders exceeded the overall project construction budget. Prices ranged from £2.952m - £3.283m.
- 4.9 Neilcott Construction Limited was selected as the most economically advantageous on the basis of a 60:40 quality/ price split. On the 18th March 2019, A strategic director's decision approved the award of the contract, under a letter of intent and subject to a value engineering exercise to bring the maximum contract sum within budget.
- 4.10 The council and Neilcott Construction Limited have completed the value engineering exercise and have agreed a series of variations to the project. (The variations are set out in the exempt appendix 2).
- 4.11 It should be noted that this means works to the nut orchard have been omitted from the project.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1 Option 1: Not proceed with a variation of contract (not recommended)**
Not to vary the contract with Neilcott and seek the approval to increase the construction budget. (The variations are set out in the exempt appendix 2).

Option 2: Vary the contract to Neilcott Construction Limited (recommended).

The council has completed the value engineering exercise and as set out in appendix 1 agreed a series of variations to the contract to bring the contract sum to within budget.

- 5.6 Officers recommend progressing Option 2.

6. CONSULTATION

- 6.1. Public consultation events have taken place from the start of the project providing an opportunity for residents to meet with:
- Design Team and provide feedback on the proposed plans
 - Enabling Works Contractor to have an opportunity to see progress on site
- 6.2. There has been extensive consultation with the Residents Working Group / Steering Group and Sands End Project Board who have been consulted on all proposals for the new community centre.
- 6.3. Internal consultation has taken place with appropriate Lead Councillors, as well as the Chief Executive and other directors.

- 6.4. A Communication and Consultation Strategy will be developed by the Growth and Corporate Communications Team to engage with residents and stakeholders throughout the duration of the works.

7. EQUALITY IMPLICATIONS

- 7.1. There are no direct negative implications for protected groups under the terms of the Equalities Act 2010 in the proposed variation to contract for the Sands End Arts & Community Centre as set out in this report.
- 7.2. Implications completed by: Fawad Bhatti, Social Inclusion Policy Manager, tel. 0208 753 3437.

8. LEGAL IMPLICATIONS

- 8.1. This report seeks approval for variation to a contract already approved for award by the Strategic Director and in relation to which a letter of intent has been issued. A value engineering exercise has now been undertaken, and agreement of the contractor has been secured to reduce the scope of the work and consequently a reduction in the contract sum.
- 8.2. Please see exempt appendix 2
- 8.3. The contract is below the EU threshold for works of around £4.8m. Consequently the provisions in reg 72 of the Public Contract Regulations 2015 about not being able to modify a contract unless one of six exemptions is made out, do not apply.
- 8.4. *Implications verified/completed by:* Deborah Down, senior associate with Sharpe Pritchard solicitors, on secondment to the Council.
ddown@sharpepritchard.co.uk

9. FINANCIAL IMPLICATIONS

- 9.1. Please see exempt appendix 2
- 9.2. Full financial implications are set out within the Cabinet Member Decision dated 18th March, "Approval of Award of Contract for Major Works Contractor for Sands End Arts & Community Centre Development".
- 9.3. *Implications completed by:* Firas Al-Sheikh, Head of Housing Financial Investment and Strategy, Tel. 020 8753 4790

10. IMPLICATIONS FOR LOCAL BUSINESS

- 10.1 The contract variation has no impact for local businesses. The contractor was chosen through a competitive tender. Although local companies were

engaged, none bid for the work. The chosen contractor has committed to providing additional economic local value by creating employment and skills opportunities for local residents and business opportunities for local suppliers. They will liaise with the Work Matters Team and with the Local Supply Chain programme to maximise these opportunities.

10.2 *Implications verified/completed by: Albenia Karameros, Economic Development Team, tel. 020 7938 8583*

11. COMMERCIAL IMPLICATIONS

- 11.1 The report seeks approval to authorises the variation of the contract for the construction of the new Sands End Arts & Community Centre with Neilcott Construction Limited and reduce the contract sum. (please see exempt appendix 2).
- 11.2 The current value of the contract is £3,039,000 which is under the statutory threshold for works. The recommendation is in line with PCR 2015 and the Council's CSOs.
- 11.3 Commercially, this proposal is favourable for the Council as the contract is now within the previously allocated budget.
- 11.4 Implications verified by Andra Ulianov, Head of Contracts and Procurement, 07776672876

12. IT IMPLICATIONS

- 12.1. No IT implications are considered to arise from this report as it requests authorisation from the Strategic Director for G&P to vary the contract with Neilcott to build the Sands End Arts & Community Centre (SEA & CC). Should this not be the case, for example, by requiring new systems to be procured or existing systems to be modified, IT Services should be consulted.
- 12.2. IM implications: A Privacy Impact Assessment(s) should be carried out to ensure that all the potential data protection risks (e.g. in consulting with Residents) around building the SEACC are properly assessed with mitigating actions agreed and implemented.
- 12.3. Any contracts arising from this report will need to include H&F's data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.
- 12.4. *Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, IT Services, tel 0208 753 5748.*

13. RISK MANAGEMENT

The proposal and subsequent variation being proposed alleviates a budget pressure to build the SEACC and to bring the contract sum to now within approved budgets. This is a result of the valuation engineering exercise conducted by the Growth and Place Department and is consistent in meeting with the Council's Being Ruthlessly Financially Efficient Priority. Consultation has taken place in accordance with the Council Priority of Doing things with Residents not to them.

- 13.1. Implications verified by: Michael Sloniowski Risk Manager, tel 020 8753 2587, mobile 07768 252703 and Ruthlessly Financially Efficient Lead

14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

LIST OF APPENDICES:

Exempt Appendix 1: Value Engineering Sheet
Exempt Appendix 2: exempt elements of the report