

<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">1 JULY 2019</p>		
<p align="center">PROCUREMENT STRATEGY FOR NOURISH HUB REFURBISHMENT WORKS</p>		
<p align="center">Report of Cabinet Member for the Economy – Councillor Jones</p>		
<p>Open report</p>		
<p>Classification: For decision Key Decision: Yes</p>		
<p>Consultation: Procurement team</p>		
<p>Wards Affected: Shepherds Bush Green</p>		
<p>Accountable Director: Strategic Director for The Economy – Jo Rowlands</p>		
<p>Report Author: Labab Lubab Partnership and Strategy Manager</p>	<p>Contact Details: Tel: 020 753 4203 E-mail: labab.lubab@lbff.gov.uk</p>	

1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval for the Procurement Strategy and Business Case for the Nourish Hub works, and for the appropriate delegations to proceed with the appointment of a contractor to deliver a community kitchen and community hub at 25 St Ann’s Road, London W11 4ST (the “Nourish Hub”).
- 1.2. The project is being delivered as part of the Council’s bid to the Greater London Authority’s Good Growth Fund. These works are required to deliver proposals for refurbishment and fit out of the Nourish Hub.
- 1.3. The Nourish Hub aims to bring disused space on the Edwards Woods estate back to life by using the facility to provide an opportunity for the local community to engage in nutritional education and for the cooking and serving of food on a 'pay as you feel' basis.
- 1.4. The vision for the Nourish Hub is to provide a democratic social space, that is welcoming to all. Once in operation, the Hub will identify and help tackle social isolation through inclusive participation, volunteering, training and job

opportunities. As a community focused kitchen, it will also play a key role in promoting healthy eating and meeting the Council's public health objectives.

2. RECOMMENDATIONS

- 2.1. To approve the Nourish Hub Procurement Strategy and Business Case, as defined in Appendix 1, leading to the procurement of a works contractor to deliver refurbishment works and fit out for the Nourish Hub, using an open process.
- 2.2. To delegate to the Strategic Director for the Economy, in consultation with the Cabinet Member for Economy, the decision to award and enter into contract with the preferred bidder, up to a value of £980,000.

3. REASONS FOR RECOMMENDATIONS

- 3.1. In April 2018, the Council successfully bid for funding to the GLA's Good Growth Fund to bring disused space on the Edwards Woods estate back to life by using the facility to provide an opportunity for the local community to engage in nutritional education and for the cooking and serving of food on a 'pay as you feel' basis.
- 3.2. The funding agreement with the GLA was finalised in December 2018, and a design team was appointed to develop design proposals for the Nourish Hub.
- 3.3. The services of a works contractor are now required to deliver proposals for refurbishment and fit out of the Nourish Hub.
- 3.4. The works will be procured using an open procedure, to ensure that maximum value for money is obtained for this project and meaningful opportunities are given to competent local bidders.
- 3.5. The costs associated with this contract are to be funded from grant funding received from the GLA's Good Growth Fund, and match funded from the Council's S106 funding.
- 3.6. The Funding Agreement with the Greater London Authority requires the Nourish Hub to be delivered by the end of Financial Year 2019 / 20.

4. PROPOSAL AND ISSUES

Strategic context

- 4.1. Food poverty is now a major feature of our society as evidenced by the increased reliance on food banks. The UK sits is the seventh richest country in the world, yet many people are still struggling with food insecurity. Alongside children, parents of families living in deprivation bear the brunt of increasing living costs while trying to manage in a world of welfare reform. Over 8% people admitted to skipping meals to provide for the rest of the household (Food Foundation, 2017).

- 4.2. At the same time, food waste is a growing issue throughout the UK. It is estimated that we throw away over 7 million tonnes of food every year, the majority of which is fit for consumption (Food Standards Agency, 2017). On average, households are throwing away over £470 worth of food every year even though poverty is harshly impacting more and more households every year.
- 4.3. To help address this issue, in 2018, the Council committed to delivering the Nourish project, and we successfully secured funding from the Mayor's Good Growth Fund initiative.
- 4.4. The Council committed its own resources and obtained £1.1m in funding from the Greater London Authority (GLA) to bring disused space on the Edwards Woods estate back to life by using the facility to provide an opportunity for the local community to engage in nutritional education, the cooking and serving of food on a '*pay as you feel*' basis thereby ensuring rescued food is repurposed to feed the hungry while maintaining the dignity of all. This initiative will help combat food insecurity and tackle school holiday hunger by providing nutritious meals every day. This project complements other Council initiatives such as piloting the free breakfast club offer and universal free school meals proposal all work in tandem demonstrating the Council's commitment to become the most compassionate council.
- 4.5. The other part of the Nourish project delivers on another Council's priority - to be the greenest borough in the country. The Nourish project's greening initiatives at Edward Woods and White City estates will enhance green spaces across the two estates, which will become multi-functional Green Infrastructure by accommodating appropriate Sustainable Drainage Schemes and enhanced air quality through improving planting.
- 4.6. The project will also deliver streetscape and business shopfront improvements on Bloemfontein Road (White City) and St Ann's Road (Edwards Woods), enhancing business and overall street attractiveness (fitting with new immediate and local new developments), increasing accessibility, footfall, resilience and profitability.

Nourish Hub

- 4.7. The London Borough of Hammersmith and Fulham (LBHF) has committed to providing the residents of White City and Edward Woods Estates with a 'Nourish Hub' as part of the Nourish Project and Good Growth Fund bid to the GLA. (*Leader's Urgency Report: Good Growth Fund - NOURISH Project, approved on 8 June 2018*).
- 4.8. The Council's 2017 Industrial Growth Strategy '*Economic Growth for Everyone*' includes several commitments that are addressed by the Nourish project; such as 'Addressing under-utilised council land and assets', 'Improve town centers and public realm', 'Discover, enable and promote "mean-while" uses to make the most of temporarily vacant or underused land by 2019'

5. OPTIONS AND ANALYSIS OF OPTIONS

5.1. The options considered were the following:

- Option 1: do nothing
- Option 2: deliver by an internal service
- Option 3: deliver by a framework
- Option 4: open tender process

5.2. See Appendix 1 for the analysis of options above.

6. CONSULTATION

6.1. Delivery of the Nourish Hub will include continuous consultation on nutritional education with residents, schools, educational facilities and local community groups and charities. The purpose of the consultation is to ensure that officers engage with as many people as possible. This will allow the Nourish project to evolve and develop to ensure it tackles issues such as food waste, food insecurity, school holiday hunger and early learning around nutrition and the positive impact good nutrition can have on life experiences and life chances.

6.2. Consultation activities will take place in schools, community centres, educational establishments, statutory organisations and departments and with local charities / forums representing local communities and to access those organisations who support our most vulnerable people. Our ultimate aim is to improve life chances and provide opportunities for all to take responsibility and ownership of their lives and their environment.

6.3. During the consultation, the Council and its partners will take part in scheduled events being run by stakeholders/partners these could include TRA meetings and LBHF Love Where You Live events.

6.4. The team will also be working closely across the Council, engaging with colleagues in Public Health to ensure that approaches to food poverty and hunger are joined up.

6.5. Officers have undertaken project-specific community consultation events on 27th April and 11th May, which gave local stakeholders opportunities to view and feedback on emerging proposals to maximise benefits to the local area. Further engagement events will be planned as proposals develop.

6.6. Engagement is on-going with key stakeholders and partners via the Project Steering Group and regular Design Team Meetings. Meetings are also scheduled with specific local organisations, such as the Edward Woods TRA, Community Centre, local retailers and various religious groups.

7. EQUALITY IMPLICATIONS

- 7.1. It is not anticipated that there will be any negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010, from the approval of the Procurement Strategy and Business Case for the Nourish Hub works, and the appointment of a contractor to deliver a community kitchen and community hub at Edward Woods Estate.
- 7.2. *Implications completed by to Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.*

8. LEGAL IMPLICATIONS

- 8.1. This report is recommending approval of the Nourish Hub Procurement Strategy and Business Case outlined in **Appendix 1**.
- 8.2. The proposed contract is below the EU threshold for works and consequently the procurement strategy needs to reflect the requirements of Contract Standing Orders only.
- 8.3. Under Contract Standing Order 10, the requirement for non-housing works contracts is that either a framework is used, or there is a tender process advertised via capital E-sourcing. Here the latter approach is being adopted for the reasons set out in the Strategy.
- 8.4.
- 8.5. Legal Service is able to support the department by providing terms and conditions for use in the procurement and commenting on other tender documents. This can be progressed while the design is being finalised so that there is no delay, in light of the risk to the external funding if the Hub is not completed by the end of the financial year.
- 8.6. Under Contract Standing Orders 17.2, the Cabinet Member is the appropriate decision-maker for awarding the contract, though it should be noted that if the recommended award exceeds the estimated contract value by more than 10% then a Cabinet decision is required.
- 8.7. *Legal Implications completed by Deborah Down, senior associate with Sharpe Pritchard solicitors on secondment to the Council.*
ddown@sharpepritchard.co.uk

9. FINANCIAL IMPLICATIONS

- 9.1. The report is recommending the approval of the Nourish Hub Procurement Strategy and Business Case outlined in **Appendix 1**. This entails going through a tender process to appoint a contractor to deliver the refurbishment works and fit out for the Nourish Hub. The tender evaluation process will be weighted 30% towards price. This will consist of a fixed price being submitted within the allocated budget of £0.980m.
- 9.2. The report also seeks approval to delegate to the Cabinet member for Economy and the Arts the following. Authority to award a contract to the preferred bidder, up to a value of the allocated budget of £0.980m.

- 9.3. Funding of £0.980m has been secured which comprises of £0.555m capital funding from the GLA and £0.425m from the Council S106 match funding. This S106 match funding of £0.425m has been secured from within the £1.829m S106 (Kings Mall Car Park £0.696m and BBC Television Centre £1.133m) set aside for the Nourish overall project.

Risks

- 9.4. Procurement and development delays would increase the risk of the Council not being able to draw down from the GLA funding if the Nourish capital element of the project is not completed within the two year timescale of the GLA funding agreement which is currently due to end June 2020.
- 9.5. The Tender Exercise process will help mitigate the risk of delivering the Nourish project on time and within budget as the Council are seeking to appoint experienced work contractors with a track record on projects of a similar scale and type.
- 9.6. All expenditure where funding is to be claimed from the GLA will need to be monitored to ensure it is eligible under the terms and conditions of the GLA funding agreement.
- 9.7. A financial assessment of potential contractors will be undertaken as part of the tender process per the Council's requirements.
- 9.8. Tender bids will need to stay within the allocated budget of £0.980m otherwise this could result in delays in the procurement process and delivering the Nourish project.

Tax Implications

- 9.9. This report is not recommending anything that requires property transactions and therefore there will be no stamp duty land tax implications.
- 9.10. Nourish is a government funded community project and the Council is the beneficiary of the work, the grant funding is therefore not subject to VAT. If the Council manages the contract for the works, then VAT can be recovered under VAT Act 1994 Section 33.
- 9.11. *Implications completed by: Comie Campbell, Head of Finance (Interim), tel 020 8753 5538.*
- 9.12. *Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.*

10. IMPLICATIONS FOR LOCAL BUSINESS

- 10.1. As the work will be procured through open tender via the Council's process, suitable local businesses will have the opportunity to bid for this work. There is

also good potential to create local employment and skills opportunities. The project will utilise the Local Supply Chain project to engage local businesses.

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

11. COMMERCIAL IMPLICATIONS

- 13.1 The approval of the Procurement Strategy and Business Case set out at Appendix 1, such a Strategy is a requirement for all contracts in excess of £100,000. The procurement strategy proposed is in line with the Council's Contracts Standing Orders (CSOs). The strategy considered all steps in the procurement cycle.
- 13.2 The value of the contract is under the statutory threshold for works. As a result, full PCR 2015 conditions do not apply. The tender must however ensure equality, non-discrimination, transparency, proportionality and competition.
- 13.3 The tender opportunity will be advertised in Contracts Finder and the Council's e-tendering platform, capitalEsourcing.
- 13.4 *Implications verified/completed by: Andra Ulianov, Head of Procurement, 07776672876.*

12. SOCIAL VALUE CONSIDERATIONS

- 12.1. This contract offers opportunities to leverage social value outcomes for local residents and businesses.
- 12.2. Contractors will be asked to identify and commit to providing opportunities for achieving social value outcomes through this commission. This could include, for example, working with young people, providing employment opportunities and making a positive environmental contribution.
- 12.3. Details of the Social Value considerations identified under the requirements of the Public Services (Social Value) Act 2012 are given in Appendix 1 (see Paragraph 6). Social value will represent 10% of the Quality Envelope.
- 12.4. *Implications verified/completed by: Andra Ulianov, Head of Contracts and Procurement, 07776672876*

13. IT IMPLICATIONS

- 13.1. There are no direct IT implications resulting from the proposal in this report. However, the H&F IT Services team could be consulted to discuss the technical IT requirements for the flexible co-working space for freelancers and entrepreneurs (noted in the Procurement Strategy and Business Case).
- 13.2. *Implications verified/completed by: Karen Barry, Strategic Relationship Manager, 0208 753 3481.*

14. RISK MANAGEMENT

- 14.1. The Client Team incorporating officers from Planning (including Policy, Regeneration and Urban Design and Conservation) and Highways will work closely with the appointed contractor to ensure the proposals put forward adhere to draft Corporate Plan, Local Plan and other Council objectives and policies.
- 14.2. There is a working group and a Project Board in place to regularly monitor these risks and escalate as appropriate. The Nourish Project contributes positively to the Council delivering Social Value in the local area through the procurement. Tendering is undertaken so as to ensure the Council achieves best value services at the best cost for its local taxpayers in accordance with Being Ruthlessly Financially Efficient.
- 14.3. *Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance on 07817 507695.*

15. OTHER IMPLICATIONS

- 15.1. None.

16. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

Leader's Urgency Report: Good Growth Fund - NOURISH Project – Approved on 8 June 2018 (published).

LIST OF APPENDICES

Appendix 1 – Nourish Hub Works Contractor Procurement Strategy and Business Case

REPORT RELATING TO BUSINESS CASE; PROCUREMENT STRATEGY; and PROJECT MANAGEMENT AND GOVERNANCE FOR;

Nourish Hub Works Contractor

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

The agreement with the Greater London Authority described in the body of the report includes the commitment to develop a community kitchen and associated uses in the vacant units at 25 St Ann's Road ("the Nourish Hub").

In order to deliver this output, the Council is required to appoint a works contractor who will carry out the refurbishment and fit out works.

2. FINANCIAL INFORMATION

The funding allocation within the agreement with the GLA for the construction and delivery of the Nourish Hub is £980,000, of which £555,000 is grant funding from the GLA and £425,000 match funding from the Council.

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

The services of a works contractor are required to deliver proposals for refurbishment and fit out of the Nourish Hub. The options to deliver those services are set out below:

Option A: Do nothing

Failure to appoint a works contractor will result in the loss of grant funding from the Greater London Authority, which in turn will not enable the Council to realise the benefits that the Nourish Hub will bring to residents of the Edward Woods estate and surrounding area.

Option B: Internal services

The Council intends to seek tenders from experienced works contractors to deliver the works required to the Nourish Hub. This service cannot be provided from an internal Council department and must therefore be sought externally.

Option C: Framework services

The list below sets out the frameworks considered which include construction and refurbishment services.

- Southern Construction Framework – Major works only
- Scape Framework – Major works only

- Pagabo Framework – Works up to £10m
- Southern Housing Group – Major works only
- London Development Panel – Major works only

The nature of the works required is not suitable for most of the frameworks listed above, with the exception of the Pagabo framework, due to the relatively small size of the contract and the nature of the works which could potentially span a number of disciplines and trades. The use of the Pagabo framework is limited to one contractor with an extremely limited track record on the type of works required. The value of the works makes it more suitable for local contractors.

Option D: Open Tender

It is therefore considered that a tendering exercise for a contract must be carried out. A restricted procedure cannot be delivered within the available timescales.

4. THE MARKET

The appointment of an experienced works contractor with a track record with projects of a similar type and scale is critical to ensure the successful and value-for-money delivery of the Nourish Hub improvements.

The availability of contractors for this type of works is limited as this type of contract is unlikely to be attractive to the large number of contractors who only do more major contracts. This availability is further impacted by the fact that the Greater London Authority is currently funding a number of projects with very similar timescales and budgets.

An open tender will however encourage a larger number of bidders. Any risk of a low response due to the opportunity not coming to the attention of smaller local contractors can be addressed by the Council's architect engaging with the local market in smaller contractors.

PROCUREMENT STRATEGY

5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

A Standard JCT Intermediate Building Contract (IC) 2016 contract will be used for this appointment.

The scope of works includes services of a works contractor to:

- Carry out the internal refurbishment of the units at 25 St Ann's Road, London W11 4ST
- Deliver a new shopfront to the Nourish Hub, which may include new fascia, upgraded frontages and light touch works
- Upgrade the public realm in front of and around the Nourish Hub
- Supply, deliver and install any required fixtures, fittings and furniture for the Nourish Hub, some of which may be fabricated off-site

The detailed specification for works is under development.

The contract timescales are set out below:

- Construction start: 1st September 2019
- Construction end: 31st January 2020

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

Social benefits will be set out in tender document. This may include a requirement to actively participate in the achievement of social and/or environmental policy objectives relating to recruitment, training, supply chain initiatives, sustainability and local labour. Assessment of social value will continue throughout the procurement and delivery process.

Added social value will be weighted at 10% in the evaluation process.

Some benefits that the project could bring long-term good to the Borough include, but are not limited to:

- Provision of a new facility for local community
- Creating skills and training opportunities (e.g. apprenticeships or on the job training);
- Creating employment opportunities for workless residents including the long-term unemployed or NEETs (those not in education, employment or training);
- Offering work experience and learning opportunities for students and young adults;
- Providing career advice and information for young people;
- Offering curriculum support to schools and colleges on careers relating to services delivered by contractors;
- Providing additional opportunities for individuals or groups facing greater social or economic barriers.
- Creating supply chain opportunities for SMEs and social enterprises;
- Developing the capacity of local SMEs;
- Creating opportunities to develop third sector organisations.
- Encouraging community engagement with groups of individuals who might otherwise feel disengaged;
- Enabling the delivery of initiatives targeting hard to reach groups;
- Promoting greater environmental sustainability;
- Contributing toward the Council's carbon reduction targets.

The project manager will ensure on-going engagement with Council's relevant teams to ensure that social value outcomes are appropriately implemented and measured throughout the lifetime of the project.

7. OTHER STRATEGIC POLICY OBJECTIVES

The project fits with the wider objectives of the Mayor of London's Good Growth Fund:

- Empowering people
- Making better places
- Growing prosperity

8. STAKEHOLDER CONSULTATION

Engagement is on-going with key stakeholders and partners via the Project Steering Group and regular Design Team Meetings. Meetings are also scheduled with specific local organisations, such as the Edward Woods TRA, Community Centre, local retailers and various religious groups.

Community consultation events are scheduled for 27 April and 11 May. These will give local stakeholders opportunities to view and feedback on emerging proposals to maximise benefits to the local area.

The Cabinet Member for Economy and the Arts will be informed when the procurement is about to commence and at each milestone during the procurement process leading up to appointment.

9. PROCUREMENT PROCEDURE

The preferred approach to mitigate the market risks set out in Section 4 of this document, is to carry out an open procurement process. This will allow all bidders to express interest. A minimum standards envelope will ensure all contractors considered have a relevant track record of projects of a similar scale and type and meet the Authority's minimum requirements (e.g. insurance).

The tenders will be administered through the Council's tendering portal, capitalEsourcing and advertised in Contracts Finder.

10. CONTRACT AWARD CRITERIA

The procurement will be carried out as a single-stage process, with an evaluation criterion of 70:30 quality - price ratio. Tenderers will be asked to provide a fixed price.

The evaluation criteria and reasoning for the recommendation is as follows:

Quality criteria	Weighting: 70%	
Criteria	Rationale	Weighting
Approach to maintain quality and innovate during delivery	The quality of the project is critical to its success. This question will focus on the bidders' approach to remaining true to the design of the project, and identifying opportunities to improve it. This could be, for example, through the application of innovative construction methods, proposals for achieving savings, or reducing future maintenance costs.	40%
Project management and resourcing	The Council must have full confidence that the selected contractor has the necessary resources and project management skills to deliver the project.	25%

Programme and risks	The project needs to be delivered within a determined timescale. This section will seek to identify any potential risks that could cause delays, as well as opportunities for more efficient delivery of the outputs.	25%
Social Value	Contractors will be asked to identify and commit to providing opportunities for achieving social value outcomes through this commission. This could include, for example: working with young people in certain areas of the project, providing employment opportunities and applying innovative sustainable practices to reduce waste.	10%
Quality total		100%
Price		Weighting: 30%
Submit detailed pricing for this project.	The Authority will be seeking a fixed price to give the Council full confidence that the project can be achieved within the allocated budget.	100%
Price total		100%

PROJECT MANAGEMENT AND GOVERNANCE

11. PROJECT MANAGEMENT

A project manager for the scheme is in place to manage the project through to delivery. The project manager reports into the Nourish Board, chaired by the Assistant Director for Growth.

The role of the Nourish board is to monitor the delivery of the Nourish scheme as a whole including budget, risks and timescales; to sign-off key documents; to approve expenditure and to ensure the project objectives are delivered.

The tender evaluation panel for this contract will be comprised of the following:

- The scheme project manager
- A representative from the GLA
- A Nourish Board representative

12. INDICATIVE TIMETABLE

The procurement process and estimated timescales for each stage will be as follows:

Stage	Description	Timescales
1	Development of specification and ITT documents	June 2019
2	Advertise tender opportunity and Issue ITT	8 July 2019
3	Deadline for clarifications	26 July 2019
4	Return date for tenders via eSourcing Portal	2 August 2019
5	Evaluation of tenders	5 – 16 August 2019
6	Council approvals for appointment	19 – 30 August 2019
7	Contract start	2 September 2019

13. CONTRACT MANAGEMENT

The contract will be managed by the Project Manager. Performance criteria for the contract will be set-out in detail in the tender documentation though will be based upon meeting the project objectives. The Council's standard terms and conditions will be considered as part of the contract issued by the Council.

This project will operate a pre-contract and post-contract change control process that will begin once the outcomes; programme and budget have been formally agreed. The change control process will be administered by the Project Manager and overseen by the Project Sponsor.