

London Borough of Hammersmith & Fulham

Report to: The Cabinet Member for Housing – Councillor Lisa Homan

Date: 13/12/2019

Subject: Major Refurbishment of 1-28, 32-99 and 100-131 Aspen Gardens, W6 and Nye Bevan Hall, Aspen Gardens, W6

Report of: Vince Conway, Asset Manager

Summary

This report seeks approval to let a contract to undertake major refurbishment works to 1-28, 32-99 and 100-131 Aspen Gardens W6 and Nye Bevan Hall, Aspen Gardens W6. This project is one which the Council has committed to deliver as part of the Asset Management Compliance Strategy and Capital Programme approved at 1st July Cabinet 2019.

Recommendations

Appendices 1 and 2 of this report are currently 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.

- 1.1. It is recommended that the Cabinet Member for Housing:
 - 1.1.1. Approves the appointment of Mulalley and Company Limited to undertake major refurbishment works to the properties listed in this report for a sum of £2,172,462.00.
 - 1.1.2. Notes that the contract is expected to be awarded on the 8th December 2019 with a contract period of 28 weeks. The project is expected to start on site on the 24th February 2020 with a site completion date of 8th September 2020.
- 1.2. Notes the additional budget requirement of £1,082,462 and a contingency sum of £110,000 will be transferred from budgeted but uncommitted schemes in the quarter 3 capital budget monitor for consideration by Cabinet on 3rd February 2020.
- 1.3. To note that the formal award of contract will not be made until completion of consultation with affected leaseholders under Section 20 of the Landlord and Tenant Act 1985.

Wards Affected: Hammersmith Broadway

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"> Building shared prosperity 	<p>Mulalley have various targets for the contract as part of their commitment to social value. This includes a target of 40% local labour and a commitment to sourcing 40% of materials via local suppliers.</p>
<ul style="list-style-type: none"> Creating a compassionate council 	<p>Mulalley have committed to supporting local initiatives or community projects through volunteering hours or financial donations.</p>
<ul style="list-style-type: none"> Doing things with local residents, not to them 	<p>Residents have been fully consulted in the preparation of this scheme, including formal ballots to decide door styles and communal redecorations. Following concerns raised by residents about security and anti-social behaviour on the estate the scope has been broadened to include provision of a door entry system. The refurbishment of the TRA hall has also been included to ensure it can continue to be safely used as a community facility.</p>
<ul style="list-style-type: none"> Being ruthlessly financially efficient 	<p>The project has been competitively tendered and awarded on the basis of most economically advantageous tender. There will be robust contract management and a strong site presence to ensure quality standards and value for money. Mulalley will work with the council's supply chain initiative, H&F Brill 4 Biz to promote procurement opportunities for local businesses</p>
<ul style="list-style-type: none"> Taking pride in H&F 	<p>The evaluation criteria required contractors to give details of their approach to energy consumption, use of sustainable materials, transport plan, site waste management, and noise pollution. Mulalley scored strongly on these points.</p>

Financial Impact

1. The HRA Capital Programme 2019/20–2022/23 budget approved by Cabinet on 7 October 2019 includes a budget allowance of £1,200,000 for this scheme. Due to the addition of enhanced health, safety and compliance

works the final contract value (including contingency) is £2,282,462, resulting in a current budget shortfall of £1,082,462.

The approved budget also includes £7,232,820 of unallocated budget. The Strategic Asset Management team have agreed a transfer of £1,082,462 from the unallocated budget to meet this shortfall and this will be put to Cabinet for approval via the quarter 3 capital budget monitoring report.

2. The leasehold billing team currently estimate the cost chargeable to leaseholders for these works, inclusive of contingency and fees, will be around £510,331. This is shown in Appendix 2. Where any of these charges are not borne by the leaseholders, this will have to be funded from borrowing unless alternative funding sources are identified.
3. A credit search was carried out on 23 August 2019 on the proposed contractors Mulalley & Company Limited. It showed they have a very low risk credit score of 87 with CreditSafe. The table below shows the Council's approved and proposed contract awards to Mulalley & Company:

Scheme Name	Contract Sum £m	Status
Talgarth & Barons	3.44	Approved (Cabinet Member Decision)
Sullivan Court Phase 1	3.67	Approved (Cabinet report)
Aspen Gardens	2.17	Being proposed (Cabinet Member Decision)
37 Margarine Gardens	0.30	Being proposed (Cabinet Member Decision)
Total	9.58	

The last two years' average turnover of this company is £141.8m which is well above the total (£9.58m) of all approved and proposed contracts.

Legal Implications

This report is seeking approval for an award of a contract to carry out vital repair and replacement works on to the buildings set out in the report.

Under the Public Contracts Regulations 2015 ("PCR 2015"), the contract proposed in this report (the "Contract") is a works contract. The works are valued at below the PCR threshold for works and as such only a small proportion of the PCR 2015 applies. The main consequence of this is that the Council is not obliged under the PCR 2015 to hold a procurement competition before awarding this contract. In any event to ensure the procurement complies with the Council's Contract Standing Orders (see procurement implications below) the works have been called off from a South East Consortium (SEC) framework. SEC have set up a series of frameworks which the Council, as a SEC member, may call off from. The SEC frameworks are procured following a procurement process undertaken pursuant to the PCR 2015. The procurement of this contract was as a mini-competition under the SEC Framework. Officers are required to follow the framework rules and applied principles and award criteria set out in the approved Procurement Strategy. The

decision-maker needs to be satisfied on this and that the recommendations are in the best interests of the Council.

Implications completed by: Sally Stock, Partner Sharpe Pritchard seconded to the Council sstock@sharpepritchard.co.uk

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Background Papers Used in Preparing This Report

Procurement Strategy Report, Cabinet, September 2018

Asset Management Compliance Strategy and Capital Programme, Cabinet July 2019

DETAILED ANALYSIS

1. Proposals and Analysis of Options

- 1.1. These works need to be undertaken to maintain a satisfactory standard to the external fabric and communal parts of the buildings and to ensure homes are safe, warm and weathertight. Failure to carry out these works would have a negative impact on the health, safety and wellbeing of residents.
- 1.2. This tendering exercise has been carried out following an analysis of procurement options which were considered in the Business case and Procurement Strategy report approved by the Leader of the Council on 20th September 2018.

Property

- 1.3. Aspen Gardens is an estate completed in 1948 providing 116 homes in one four-storey and two six-storey deck access blocks. The estate is situated within the Hammersmith Town Hall (formerly King Street East) Conservation Area. The Nye Bevan Hall is a single-storey building on the estate providing an important community resource. It is managed by the Aspen Gardens Tenants and Residents Association.

Proposed Works

- 1.4. The proposed works to the three residential blocks consist of structural and concrete repairs to private balconies and public walkways, new FD30 front entrance doors, roof repairs, works to chimneys and rainwater goods, and general external and internal communal fabric repairs and redecoration. Additional fire safety works such as compartmentation, emergency lighting and new signage are included across all blocks as required. The contract also allows for the enclosure of currently open stairwells and provision of a secure door entry system to each block subject to a ballot of residents.
- 1.4. Works to Nye Bevan Hall include new roof covering, new windows and doors, and general fabric repairs and redecoration.
- 1.5. All FD30 doorset ranges undergo extensive third party UKAS accredited testing to ensure they meet exacting standards and building regulations. All doorsets are tested as full-scale assemblies to provide confidence that they will perform in the event of burglary or fire.

Tender Process

- 1.6. The procurement has been undertaken through the SEC framework by way of a mini-competition. The Council invited the framework contractors by way of invitations to tender published on 27th August 2019 with a closing date for receipt of tenders of 24th September 2019. The Council evaluated the quotations received using most economically advantageous tender (MEAT) criterion with a weighting of 60% to qualitative and technical aspects of the

tender submission and 40% to price. Quotes were invited and received on a fixed price basis and remain open for acceptance for twelve months from the closing date.

- 1.7. Tender submissions were received from six suppliers.
- 1.8. The tender process required the technical and commercial evaluation of all valid tenders. The table below sets out the scores achieved by each supplier as assessed by the evaluation panel. Further scoring information is provided at Appendix 1.

Rank	Supplier	Value of tender	Price Score	Quality Score	Total Score
1 st	Mulalley and Company Limited	£2,172,462.00	33.38	45.60	78.98
2 nd	Tenderer 2	£2,393,507.85	30.30	44.70	75.00
3 rd	Tenderer 3	£2,421,509.25	29.95	43.80	73.75
4 th	Tenderer 4	£1,813,018.74	40.00	32.40	72.40
5 th	Tenderer 5	£2,445,598.75	29.65	39.60	69.25
6 th	Tenderer 6	£2,172,693.00	33.38	26.10	59.48

- 1.9. Based on the evaluation process carried out in accordance with the procurement strategy officers recommend acceptance of the tender submitted by Mulalley and Company Limited.

Funding and Cashflow

- 1.10. This project is a pre-agreed scheme which the council has committed to deliver as part of the Asset Management Compliance Strategy and Capital Programme approved at 1st July Cabinet. The scope of the scheme has been enhanced in line with the principles of the strategy and the commitment to ensuring homes are safe and secure. Additional compliance work identified for this scheme includes:

- Inspection, servicing and upgrade of fire detection systems
- Installation of LED and emergency lighting
- Compartmentation works to roof voids, risers and service rooms
- Installation of FD30 front entrance doors
- Structural repairs
- Installation of door entry systems
- Refurbishment of Nye Bevan Hall

- 1.11. Generally these workstreams have separately identified budgets within the four-year capital funding envelope and so this work would eventually be

picked up as part of these programmes as they were rolled out. However, it is sensible to include the works now as part of this scheme to ensure safety improvements are delivered for residents as soon as possible whilst minimising inconvenience to them.

1.12. The budget contained within the Housing Capital Programme will be re-profiled to reflect the anticipated cash flow shown in 1.13 below. Amendments will be reported via the quarterly corporate capital monitor. A contingency sum of £110,000 will be held in addition to the approved contract sum to deal with unforeseen works that may arise during the delivery of the project.

1.13. The anticipated cash flow of this project is as follows:

Element	2019/20	2020/21	Total
Works	£243,848	£1,928,614	£2,172,462
Contingency Sum	£12,347	£97,653	£110,000
Total	£256,195	£2,026,267	£2,282,462

1.14. The anticipated Programme of Works for the project is as follows:

Activity/Milestone	Estimated Date
Issue section 20 notices	27 October 2019
Cabinet Member Meeting	13 December 2019
Expiry of section 20 notices	03 December 2019
Observations responded to	10 December 2019
Notification of award	18 December 2019
Standstill ends	28 December 2019
Contract Award	06 January 2020
Resident Consultation, w/c	13 January 2020
Start on site	24 February 2020
Completion	08 September 2020

Multi-disciplinary consultant support

1.15. The Cabinet Member for Housing approved the use of Bailey Garner LLP to manage a range of fire safety and other programmes, including this one, as set out in Appendix 1 of the Cabinet Member Decision paper “Contract award for the provision of Housing Capital Programme Multi-Disciplinary Consultancy Services”. Consequently, their appointment is not covered in this report. The total value of the project management services for this particular contract is 5.33% of the total works cost. Bailey Garner will provide a range of services in support of the project including:

- Project management/Employer’s Agent
- Principal Designer (Construction (Design and Management) Regulations 2015)
- Architect and Engineer services
- Contract administration

- Quantity surveying and cost control
- Planning and building control compliance
- Specialist advice as required e.g. fire safety, structural

2. Reasons for Decision

- 2.1. This project is one which the Council has committed to deliver as part of the Asset Management Compliance Strategy and Capital Programme approved at 1st July Cabinet. The development of the programme has been guided by the principles of the strategy and priorities have been agreed by the Economy Department's Capital Board chaired by the Assistant Director of Operations.
- 2.2. The decision above is required to appoint the contractor to carry out the works required in these buildings.

3. Equality Implications

- 3.1. It is not anticipated that the approval of these proposals, as set out in the recommendations, will have any direct negative impact on any protected groups, under the Equality Act 2010.
- 3.2. It is however recognised that the proposed works will cause short-term disruption to residents whilst they are in progress. If subsequent resident consultation identifies any specific needs for protected groups, these will be addressed accordingly by officers.
- 3.3. *Implications verified/completed by: Fawad Bhatti, Policy & Strategy, tel. 07500 103617.*

4. Risk Management Implications

- 4.1. In October 2017 the Council launched Fire Safety Plus. This committed the Council to achieve the highest possible standard of fire safety across its housing stock. The Fire Safety Plus made available £20 million of capital funding for fire safety testing and capital works which was agreed by Full Council on 18 October 2017. It set out our commitment to meet the aims:
 - Do more than the minimum requirement to keep residents safe
 - Ensure that homes across Hammersmith and Fulham are safe and compliant
 - Undertake a thorough review of fire safety in all communal blocks
 - Organise a programme of work to install new fire doors, enhanced firefighting equipment, facilities and automated detection
- 4.2. The report sets out how assurance will be obtained regarding the testing/certification of replacement fire doors to be fitted as part of this contract.

- 4.3. Being ruthlessly financially efficient means that we must ensure value for money is being delivered is being achieved through the procurement process and the budget is reconciled back to the original Capital Programme report on 01st July 2019. Given that the works could present some risk of disruption to residents the expectation is that there will be a rigorous programme management approach in place to ensure that their needs and expectations are met throughout the works.
- 4.4. The evaluation process has concluded that the contractor has the necessary financial standing, insurances, and health and safety qualifications to complete this project.
- 4.5. *Implications verified by: Michael Sloniowski, Risk Manager, tel 020 8753 2587, mobile 07768 252703.*

5. Other Implications

Procurement

- 5.1. For high value capital contracts over £1.5M the CSO states that in such cases the contract award is by the relevant Cabinet Member as long as the award value is not over 10% of the initial estimated value and over £10,000,000. The pre-tender estimate for this procurement was £1,520,000 and the award of the proposed contract is £2,172,462.
- 5.2. The procurement process ran in accordance to the CSOs and PCR 2015 by calling off from a compliant framework agreement via mini-competition. The mini-competition was conducted outside the Council's e-tendering system but approval was sought in accordance with the CSOs.
- 5.3. The process has resulted in the submission of six compliant bids which were evaluated in line with the advertised criteria, based on a 60% - 40% quality-price ratio. It is noted that the tender documents were developed by the framework provider and not signed off by the procurement team.
- 5.4. The evaluation found that Mulalley and Company Limited were the most economically advantageous. It is proposed to award a third contract to Mulalley and Company limited who will then be a significant contractor for the Council. It is imperative that appropriate checks should be completed to give assurance as to their capacity to deliver all these contracts. There is also a requirement for a business continuity plan to ensure service continuity in the event of supplier/contract failure.
- 5.5. A 1.5% levy is payable by to South East Consortium based on the final contract value. This is a transaction between the SEC and Mulalley and Company Limited. This does not change the value of the contract.
- 5.6. A contract shall be created in the contracts register to ensure compliance with statutory transparency requirements. Given the fact that there is no corporate visibility of the tender, it is recommended that all tender documents

(instructions, specifications, tenders submissions and evaluation and moderation notes) are uploaded on the Council's contracts register.

- 5.7. Implications to be verified/completed by: Joanna Angelides, Procurement Consultant, 07776 672891

Business

- 5.8. Mulalley & Company have various targets for the contract as part of their commitment to social value. This includes a target of 40% local labour and a commitment to sourcing 40% of materials via local suppliers. Mulalley will also offer an apprentice placement and a work experience placement. In addition to requirements around local labour, (local here meaning having a primary residence in Hammersmith and Fulham), the apprentice and work placement opportunities should be ringfenced for H&F residents. Mulalley & Company should contact WorkZone, the council's jobs brokerage service to source local candidates. For procurement opportunities for local businesses, Mulalley & Company should work with the council's supply chain initiative, H&F Brill 4 Biz.
- 5.9. The site team and support staff will generally avail of local services such as shops and cafes during the contract.
- 5.10. Implications verified/completed by: Albena Karameros, Economic Development Team, tel 0207 938 8583

ICT

- 5.11. IT Implications: No IT implications are considered to arise from the proposal in this report.
- 5.12. IM implications: A Privacy Impact Assessment should be carried out to ensure that all the potential data protection risks associated with these works are properly assessed with mitigating actions agreed and implemented.
- 5.13. The contract with Mulalley and Company Limited will need to include H&F's data protection and processing schedule – which is compliant with Data Protection law (the General Data Protection Regulation (GDPR) 2016; and the Data Protection Act (DPA) 2018).
- 5.14. Mulalley and Company Limited will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.
- 5.15. Implications verified/completed by: Karen Barry, Strategic Relationship Manager, IT Services, tel 0208 753 3481.

6. Consultation

- 6.1 Initial consultation meetings have been held with residents during 2019 to give them an opportunity to discuss the proposals and scope of the works, programme and timescales.
- 6.2 Leaseholders have been notified in accordance with the statutory consultation legislation. Notices of intent were sent out on 13th May 2019 and expired 17th June 2019. The Notices of Estimate were issued on 27th October 2019 and the consultation period will expire 3rd December 2019. The contract will not be issued until expiry of the section 20 notices.
- 6.3 As of 28th October 2019 a total of 32 properties have been sold under right to buy legislation with one application pending.
- 6.4 The estimated charges to leaseholders based on the recommended contract sum plus contingency and internal management fees are shown in Appendix 2.
- 6.5 The council offers a range of repayment options to leaseholders and with extended interest free periods for those facing higher bills. In accordance with the council's Fire Safety Plus initiative it is not intended to recharge leaseholders for works under this workstream such as new front entrance doors.

List of Appendices:

Exempt Appendix 1: Tender Analysis

Exempt Appendix 2: Estimated leaseholder contributions