

London Borough of Hammersmith & Fulham

Report to: Strategic Director of Economy

Date: June 2020

Subject: Award report for Nourish Hub Refurbishment Works contract

Report of: David Burns, Assistant Director for Growth

Summary

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 (see *Leader's Urgency Report: Good Growth Fund - NOURISH Project* from 24 April 2018).

Nourish is a Good Growth Fund project, funded in part by the GLA (Greater London Authority) and matched by council HRA and s.106 funding. The project will deliver a refurbished community space (Nourish Hub) that will be operated by UK Harvest, who are a charity tackling food waste and food insecurity and a Nourish delivery partner.

The Nourish Hub will provide a space that is open for everyone, helps to combat isolation, tackles food insecurity for local residents and creates opportunities in education and training around food. It will form a critical part of the recovery of communities in White City, working with the community and local partners to tackle a wide range of Covid related impacts as well as long standing challenges.

This report recommends the appointment of Carmelcrest Ltd to undertake the refurbishment and fit-out of the Nourish Hub at 1 St Anns road, W11. It also sets out how the appointment process was carried out in accordance with the Procurement Strategy approved by Cabinet on 1st July 2019, which delegated the award decision to the Strategic Director for the Economy.

Recommendations

1. That Appendix 1 is not published on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To appoint Carmelcrest Ltd to carry out the refurbishment and fit-out of the Nourish Hub at Swanscombe House, 1 St Anns Road, London W11 4SS, for a fixed price of £849,930.00.

Wards Affected: Shepherds Bush Green

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>The recommended contractor has committed to deliver £927,908.04 of social value, with a specific focus on local employment, local supply chain, SMEs, investment in local skills, opportunities for local young people.</p> <p>This refurbishment project will also provide affordable workspace for a business or charity that will work closely to UK Harvest.</p>
<ul style="list-style-type: none">• Creating a compassionate council	<p>The contractor has demonstrated a robust approach to inclusivity. The refurbished Nourish Hub is about providing a space that is open for everyone, helps to combat isolation, tackles food insecurity for local residents and creates opportunities in education and training around food.</p>
<ul style="list-style-type: none">• Doing things with local residents, not to them	<p>The refurbishment works contract will deliver a space that will be governed by the community. The ambition of the Nourish programme is to test a cyclical model that can be replicated elsewhere. The Hub operator will work with residents to build that governance model.</p>
<ul style="list-style-type: none">• Being ruthlessly financially efficient	<p>The recommended contractor to carry out the refurbishment of the Nourish Hub submitted the most-financially efficient tender.</p>
<ul style="list-style-type: none">• Taking pride in H&F	<p>This refurbishment project will bring back into use an empty commercial unit on a council estate, which will improve the physical environment on Edwards Woods estate and is likely to reduce anti-social behaviour, generate more engagement of residents with their space.</p>

Financial Impact

A summary of the budget, funding and credit report is provided in the exempt finance appendix 2.

This report seeks to recommend the Council entering into a contract with Carmelcrest Ltd for the refurbishment works for the Nourish Hub. The value of this contract is for £849,930.00.

The approved budget for the delivery of the Nourish Hub, after accounting for the costs of the design costs, is sufficient for this contract value. The budget is funded through a combination of capital grant from the GLA and from the Council's S106 match funding.

The Council's match funding commitments were approved in the Good Growth Fund Leaders' Urgency Report and are part of the Funding Agreement with the GLA. The report approved that the project would be in part funded from S106 funds (AKA 827). As part of a review of S106 commitments, Council officers are reviewing project funding and are considering whether the Housing Revenue Account should contribute to the delivery of the Nourish Hub. Any changes to project funding will require approval in line with the Council's Constitution and Financial Regulations.

CarmelCrest Ltd have passed the Council's Minimum Economic and Financial Standing requirements. A CreditSafe score on 2 June 2020 of above 50 indicates a low financial risk. They have demonstrated that they exceed the Turnover Threshold of an average turnover over the past two years that is at least double the anticipated contract value.

CreditSafe have provided a 'suggested contract limit' which is lower than the value of works for the Nourish Hub refurbishment. The risk of entering a contract above the suggested contract limit has been considered and assessed as low risk by the project team based on the considerations set out in section 13 of the detailed analysis section.

Legal Implications

1. This report is recommending the award of a works contract below the EU threshold. A tender process was used in compliance with Contract Standing Orders and evaluation was on the basis of identifying the most economically advantageous tender using the published award criteria.
2. The detail of the evaluation process is described in the exempt appendix 1. The process followed to rescope the work to bring the costs within the budget envelope is in accordance with Contract Standing Orders.
3. The decision-maker needs to be satisfied that agreeing to the recommendation will see the award of contract being made to the company submitting the most economically advantageous tender, and that the award is in the best interests of the Council.

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The history of this project including previous approvals is described in the *Executive Summary*.
2. As per the approved procurement strategy, an open procedure was carried out for the appointment of a contractor for Nourish Hub refurbishment works. The opportunity was published on the CapitalEsourcing procurement portal from Thursday 19th December 2019 with a closing date of Monday 3rd February 2020. Tenderers had been advised that their tenders would be evaluated on the basis of the most economically advantageous tender using a split of 70% quality and 30% price.
3. Five tenders were received; four tenders passed the Qualification evaluation. The four tenderers were assessed for quality under the Technical evaluation, based on the evaluation criteria set out in the Procurement Strategy. The results of the Technical evaluation are set out in the table at paragraph 10. The evaluation criteria, the detail of the evaluation and the summary of quality scores are provided in Appendix 1 (not for publication).

Price assessment

4. All four candidates initially submitted a price that was above the available budget. As no further funding was identified, the project team carried out a

scope adjustment exercise in accordance with paragraph 46.3, Appendix 8, of the Council’s Contract Standing Orders 2019.

5. The design consultant (RCKa) produced an initial value engineering schedule, which was reviewed by the cost consultant (Measur). The subsequent change of scope was validated by key project stakeholders during a value engineering workshop held on 18th February 2020: the council (landlord and funder), the GLA (funder) and UK Harvest (operator).
6. A Pricing Tender Addendum was sent to Tenderers setting out the work to be removed from the contract, together with a Resubmission Form of Tender, and returned to the council on 6th March 2020. The Resubmission Forms of Tender were the compilation of the initial Pricing Document and Pricing Tender Addendum price information. It is considered that the resubmission price could be accommodated within the available budget of £980,000.
7. The results of the evaluation are set out in the table at paragraph 10.

Summary of scores

8. The table below summarises scores from the evaluation following the re-evaluation exercise:

	Qualification evaluation	Technical evaluation	Commercial evaluation	Total scores
Carmelcrest	PASS	50.93	30.00	80.93
Bidder 2	PASS	42.25	22.41	64.66
Bidder 3	PASS	42.53	24.10	66.63
Bidder 4	PASS	50.79	26.87	77.66
Bidder 5	FAIL	N/A	N/A	N/A

9. The detail of the evaluation is detailed in Appendix 1 (not for publication).

Successful Tenderer

10. On the basis of the Qualification, Technical and Commercial evaluations, CarmelCrest Ltd is the successful tenderer and the recommended contractor for appointment by the council to carry out the refurbishment works at Nourish Hub, Swanscombe House, 1 St Anns road, London W11 4SS.
11. As part of the financial due diligence outputs, CreditSafe provided a ‘suggested contract limit’ that is lower than the value of works for the Nourish Hub refurbishment. The risk of entering a contract above the suggested contract limit has been assessed low risk by the project team, based on the following considerations:
 - Carmelcrest Ltd is an established business that has been operating for several decades and has met the Economic and Financial Standing.
 - Carmelcrest Ltd have shared business continuity plans.

- Carmelcrest Ltd's references have been contacted and confirmed the contractor's ability to manage resources and budget appropriately.
- The council has previously entered contract above the suggested limit, which were successfully delivered.

Reasons for Decision

12. To appoint a contractor for the construction of the Nourish Hub through refurbishment of an existing unused building to implement previous decisions to create a Nourish Hub.

Equality Implications

13. 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.
14. Comments verified by: Fawad Bhatti, Policy & Strategy Officer, tel. 07500 103617

Risk Management Implications

15. Risk Management implications for Nourish Hub Refurbishment Works were completed by Peter Smith (Head of Policy & Strategy, tel. 020 8753 2206) in the Procurement Strategy for Nourish Hub Refurbishment Works approved by Cabinet on 1st July 2019. See paragraphs below.
16. 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.
17. 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.

Procurement

18. This report seeks approval to award a contract to Carmelcrest Ltd for the refurbishment works at the Nourish Hub. The value of this contract is for £849,930.00. For high value capital contract, from £0.5m to £1.5M the CSOs require that the contract award is by SLT Member in consultation with the relevant Cabinet Member.

19. The tendering process was conducted using capitalEourcing system in accordance with the CSOs. The process has resulted in the submission of five compliant bids, which were evaluated in line with the advertised criteria, based on 70% - 30% quality- price ratio. The evaluation found that Carmelcrest Ltd were the most economically advantageous.
20. Outcomes selected from the Social Value Calculator by Carmelcrest and supported by a method statement will be set as performance measures, which will form part of the final contract. This will satisfy CSOs 37.2 requirements. The associated performance measures must be monitored through routine contract management activities.
21. The contract should be awarded by way of a notification on the e-tendering system after any standstill period has expired, the service area must arrange for the borough solicitor to seal the contract on behalf of the council and must comply with the requirements under Contract Standing Orders 21.8.
22. An electronic copy of the completed (dated) Contract must be uploaded to the Contract Register along with a copy of the award report in accordance with CSOs 21.9.

Implications verified by: Ilaria Agueci – Procurement Consultant Tel. 0777 667 2878

Consultation

23. The community was involved as various stages of the design and development process. Three key engagement events were organised in April, May and August 2019. Local organisations on Edward Woods estate and others in the surrounding local community were invited to those engagement events.
24. Designs were presented to the Edward Woods TRA at a meeting on 4th February 2020. Edward Woods Community Centre has also been engaged and works with UK Harvest to build the foundations of a Nourish outreach programme.
25. Throughout the procurement process the following stakeholders were involved through the Nourish Board: Greater London Authority, Groundwork London and UK Harvest.
26. Updates/ briefing notes were circulated to ward councillors as and when relevant.

List of Appendices:

Appendix 1 – Evaluation Details (EXEMPT)