

London Borough of Hammersmith & Fulham

Report to: Strategic Director for the Economy

Date: 20/08/2020

Subject: Approval of two Procurement Strategies relating to the Hartopp & Lannoy Redevelopment

Report of: Mark Brayford, Assistant Director for Direct Delivery

Report author: Matt Rumble, Head of Area Regeneration

Summary

This report seeks the approval of two procurement strategies relating to the redevelopment of land on Aintree Estate currently occupied by Hartopp Point and Lannoy Point blocks and the adjoining garages and podium.

The blocks and adjoining infrastructure are currently being demolished on health and safety grounds on the advice of independent structural engineers. The procurement of a Design Team and a Control Team will enable the redevelopment of the land for the delivery of new homes including replacement of lost affordable housing.

The first procurement strategy is for the appointment of a design team to include a lead architect and other design related services such as principle designer, civil and structural engineers, M&E engineers, planning advisers, consultation and energy advisers; to be procured from RIBA design stage 1 through to stage 3 (planning), as more particularly described in Appendix 1 of this report.

The second procurement strategy is for the appointment of a 'control team' of project management, cost consultancy, employer's agent and CDM services. The appointed contractor will be procured from RIBA stage 1 through to Stage 7 (completion of construction), as more particularly described in Appendix 2 of this report.

Recommendations

That the Strategic director for the Economy:

1. Approves the procurement strategy for the appointment of a design team to include a lead architect and other design related services such as principle designer, civil and structural engineers, M&E engineers, planning advisers, consultation and energy advisers as set out in Appendix 1, for the estimated total value of £1.2m for the maximum contract term to allow for the completion of RIBA stage 1, and the option to complete up to RIBA stage 3, including some elements of RIBA 4 relating to procurement of construction contractor;

2. Approves the procurement strategy for the appointment of a 'control team' to include project management, cost consultancy, employer's agent and CDM services , as set out in Appendix 2, for the estimated total value of £916,000 for the maximum contract term of "to allow for the completion of RIBA stage 1, and the option to complete up to RIBA stage 7.
3. Authorises the Head of Development and the Head of Area Regeneration to approve award of contracts for related professional services and surveys to support the redevelopment up to the value of £50,000.

Wards Affected: Munster Ward

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
Building shared prosperity	<i>The redevelopment will help deliver much needed genuinely affordable homes in the borough and help rejuvenate the area following the demolition of 2 high rise blocks.</i>
Doing things with local residents, not to them	<i>Residents will be engaged early in the development of concept design to ensure their views are considered and influence the design.</i>
Being ruthlessly financially efficient	<i>The aim is to redevelop the land using innovative modular design that offer both financial savings and speed in comparison to traditional built.</i>
Taking pride in H&F	<i>The redevelopment will help rejuvenate the area following the demolition and incorporate amenities and thought through landscaping.</i>

Financial Impact

There is no direct financial impact of approving these strategies as the procurement will be carried out by the existing project team. The full cost of designing the scheme and submitting the planning application will not be known until the tender process is complete. Full financial implications and checks on the financial standing of the successful tenderer will be set out in the subsequent contract award decision report.

The budget for developing feasibility stage of the redevelopment was approved by Cabinet on 2nd September 2019 at £250,000 and a further £200,914 was allocated from the remaining CPO Budget for Hartopp Point and Lannoy Point

Further funding will be sought from Cabinet subject to financial viability and deliverability of the project. The initial appraisal indicates financial viability of a compliant mixed affordable rent and private sale scheme. The report seeking additional funding will set out detailed costing and contingencies for the project. The

current estimate is set out in sections 12 and 13 of the detailed analysis sections below.

While the strategies are for procurement of services from start to finish, award of contracts will be limited to approved funding.

Legal Implications

This report is seeking approval for:

- a) the procurement strategy for the appointment of a design team to include a lead architect and other design related services such as principle designer, civil and structural engineers, M&E engineers, planning advisers, consultation and energy advisers as set out in Appendix 1, for the estimated total value of £1.2m for the maximum contract term to allow for the completion of RIBA stage 1, and the options to complete up to RIBA stage 3 (the “Design Team”); and
- b) the procurement strategy for the appointment of project management, cost consultancy, employer’s agent and CDM services , as set out in Appendix 2, for the estimated total value of £916,000 for the maximum contract term to allow for the completion of RIBA stage 1, and the options to complete up to RIBA stage 7 (the “Control Team”).

Under Contract Standing Order 19, the procurement route for service contracts above the EU threshold permits the use of an existing Framework or DPS which is compliant with the Regulations. In accordance with CSO 18, the procurement strategies for capital contracts between the Services Threshold to £1.5m must be approved initially by the Contracts Assurance Board before being submitted for approval by the relevant SLT Member.

Framework Call-off for the Design Team

Legal services have evaluated the Notting Hill Genesis Framework (CF1 Lot 2) (the “Framework”) that is proposed for the appointment of the Design Team and have confirmed that it is compliant with the EU public procurement regulations and is appropriate for use.

The Council will need to sign up to an Access Agreement in order to use the Framework, which confirms that Notting Hill Genesis (the Framework Host) will not be held liable for use of any procurement issues which arise from the use of the Framework. As the Access Agreement is a standard document and not available for negotiation, entering into it so that the procurement can go ahead is in the overall interest of the Council.

Officers must implement the requirements of Clause 5 of the Framework Agreement to ensure a compliant Call-off process is conducted, in particular the evaluation criteria shall be set out and based on the Schedule 4 criteria. The percentage weightings for quality must range between 0-90% and price must range between

10%-100%, therefore the proposal within Appendix 1 is within the stated remit. In addition, the Quality criteria (Schedule 4) allows for the Consultant's social value proposals to be assessed as part of the mini-competition and therefore the Council's Social Value Policy may form part of the mini-competition documents.

DPS Call-off for the Control Team

Legal services have evaluated the London Construction Programme's Dynamic Purchasing System ("DPS") that is proposed for the appointment of the Control Team and have confirmed that it is compliant with the EU public procurement regulations and is appropriate for use. Lot 2 (Construction Project Management Services) has been identified as the most appropriate lot, as it contains a strong pool of qualified suppliers with extensive experience of construction projects. It is a requirement of the DPS that the London Construction Programme's portal is used and the Council has previously entered into the DPS Access and DPS Licence Agreement which allows access to the DPS tender portal. The Head of Procurement will need to approve this pursuant to Contract Standing Order 4.5.

The DPS has various requirements that will need to be followed, such as direct awards not being allowed, and the scoring mechanism for the quality assessment. The requirements prescribe a score for quality / technical as anywhere between 40 – 80%, and for price 60 – 20%, so the proposal in this report to have 60% for price and 40% for quality is within this. The DPS requirements allow for a wide range of contract terms, so officers are recommended to take advice from Legal Services as to the best ones to use. In addition, the DPS Award Criteria shall be drafted by Council officers and may include reference to the Council's Social Value Policy and form part of the mini-competition process.

The recommendation to this report include a request for the delegated authority to the Head of Development and Head of Area Regeneration to approve the award of contracts for related professional services and surveys to support the redevelopment up to the value of £50,000, on the basis that the contracts are within approved budgets.

Implications verified/completed by: Radhika Deveshar, Associate with Sharpe Pritchard Solicitors, on secondment to the Council.
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Background Papers Used in Preparing This Report

No.	Description of Background Papers	Date
1.	Cabinet Report – Hartopp and Lannoy Points	29 April 2019
2.	Cabinet Report – Hartopp and Lannoy Points	2 September 2019

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Hartopp and Lannoy Points are nearly identical 14 storey Tower Blocks located in Munster Ward. They were built using a construction method called a large panel system (LPS). The Council carried out extensive structural surveys to investigate the condition of the blocks.
2. These surveys identified serious structural defects with the Large Panel System blocks, giving rise to significant Health and Safety issues that needed to urgently be addressed through either the refurbishment or demolition of both blocks. The council worked extensively with residents around their safety and devised a comprehensive programme to empty the blocks quickly following the council's decision on the 29th April 2019 to demolish the blocks.
3. The Council secured a compulsory purchase order and vacated both blocks and associated garages by February 2020 and in March 2020 awarded a contract to Coleman group, a specialist demolition contractor, to safely demolish both blocks. This work is underway and is expected to conclude by February 2021. The site will be left hoarded and safe following completion of the demolition works.
4. However, procurement of services outlined in Appendices 1 and 2 are needed to fulfil council's commitment to redevelop the site for replacement housing, as quickly and efficiently as possible.
5. Commencement of the design work concurrently with the demolition will enable the council to minimise risks associated with a hoarded demolition site and minimise inconvenience to residents in the remaining part of the estate and surrounding streets.

The Design Team Procurement Strategy

6. The Design Team services to be procured under Appendix 1 will include a lead architect and principal designer supported by a professional team to provide outline design to RIBA 1 stage with the option to extend the award through to RIBA 3 (to planning) (“Design Team Procurement Strategy”) including some elements of RIBA 4 relating to procurement of construction contractor. This will be subject to on-going project viability, council’s development board’s approval and further budgetary approval by cabinet.
7. The Design Team Procurement Strategy (Appendix 1) will enable the procurement and award of a call-off contract for a design team from RIBA 1 to RIBA 3. Services will be procured using the Notting Hill Genesis Framework (CF1 Lot 2) and the call-off contract will reserve the right to terminate or re-tender at the end of each design stage, subject to confirmation of budget and viability of the development scheme. The initial instruction will be to RIBA stage 1, and extensions beyond stage 1 will be subject to budget and Development Board approval.
8. It is expected that following RIBA 3 stage, submission of planning, and procurement of a construction contractor, the call-off contract will be novated to the main construction contractor.

The Control Team Procurement Strategy

9. The Control Team services to be procured under Appendix 2 will include a lead consultant, Employer’s Agent, project management services, CDM services and specialist cost consultancy advice, as well as other ancillary services for the redevelopment project (Control Team Procurement Strategy); to be procured using the London Construction Programme’s Dynamic Purchasing System for Construction, Estates and Property Professional Services.
10. These services will be procured from RIBA stage 1 through to RIBA stage 7. Again, with the council reserving the right to terminate the contract or re-tender at the end of each stage and subject to confirmation of budget and viability of the development scheme. The initial instruction under the contract will be to RIBA stage 1 and extensions beyond stage 1 will be subject to budget and Development Board approval.
11. Further budget is required to take both the Design Team and Control Team appointments to planning and in respect of the ‘control services’, to practical completion and will require a further Cabinet approval.
12. The initial estimate for costs for the services of the Design Team up to the end of RIBA 4 stage (Appendix 1) is estimated at £1.2m including stage costs of Principal Designer; Architect/Lead Designer; Engagement Strategy

Consultant; Structural Engineer; Services Engineer; and, Landscape Architect.

13. The initial estimate for costs for services of the Control Team from RIBA 1 stage to RIBA 7 is estimated at £916,000.
14. The aim of both procurement strategies is to enable timely procurement of services to enable a swift redevelopment of the land and submission of planning application in June 2021 and start on site in March 2022, subject to continued viability and budgetary approval.

Options

15. Each Procurement Strategy for the Design Team and the Control Team (see Appendices 1 and 2) sets out the following procurement options:
 - (a) Option 1 - Do nothing
 - (b) Option 2 - Open market procurement exercise
 - (c) Option 3 - Use of existing third-party framework or Dynamic Purchasing System
16. On review of these options, each Procurement Strategy recommends the use of a third-party framework for the Design Team (Appendix 1) and a third-party Dynamic Purchasing System for the Control Team (Appendix 2) as the preferred option.

Reasons for Decision

17. The reasons for choosing the Framework and the DPS are detailed in section 3 of each procurement strategy. The use of the recommended Framework and DPS will enable the council to fulfil its commitments to redevelop the site as quickly and efficiently as possible in line with granted Compulsory Purchase Order's justifications and in compliance with the requirements contained in the Council's Contract Standing Orders (CSO) to seek approval for Procurement Strategies.

Equality Implications

18. It is not expected that services to be procured under each strategy and the decision to use an existing Framework or a Dynamic Purchasing System will have any direct implications on any group with protected characteristics, under the terms of the Equality Act 2010.

Implications verified by: Fawad Bhatti, Policy & Strategy Officer, tel. 07500 103617

Risk Management Implications

19. The proposals are consistent with the council's priority, Being Ruthlessly Financially Efficient, as need has clearly been established and suitable compliant framework (in case of appendix 1) and a dynamic purchase system

(in case of appendix 2) have been identified; both of which will help ensure procurement of contracts to deliver the best service at the best price.

20. Prior to an award the project team will liaise with the council's insurance team to ensure that the appropriate levels of indemnities and insurances are agreed and in place.

21. There is a risk associated with the hoarded demolition site and possible inconvenience to residents in the remaining part of the estate and surrounding streets that would be significantly reduced on commencement of the design work concurrently with the demolition which will enable the council to minimise risks.

Risk Implications verified by Michael Sloniowski, Risk Manager, 020 8753 2587

List of Appendices:

- Appendix 1. Hartopp and Lannoy - Design Team Procurement Strategy
- Appendix 2. Hartopp and Lannoy - Control Team Procurement Strategy