

London Borough of Hammersmith & Fulham

Report to: Tony Clements, Interim Strategic Director for the Economy

Date: 03/09/2020

Subject: APPOINTMENT OF LEAD ARCHITECT FOR WHITE CITY CENTRAL SCHEME

Report of: David Burns, Assistant Director – Growth

Report author: Ayesha Ovaisi, Development Manager

Summary

This report updates on the Council's progress in implementing Cabinet's 3rd June 2019 decision to approve the strategic case which aims to:

Consult with residents to explore the options for the central area of White City Estate, to:

- Create additional affordable housing
- Provide modern community facilities
- Enhance the open space and play provision
- Support thriving neighbourhoods

Officers now seek a decision under delegated authority from Cabinet in June 2019, approving that the Strategic Director for The Economy Department in consultation with the Cabinet Member for the Economy and the Arts to appoint the recommended Lead Architect for the White City Central scheme.

Recommendations

The Strategic Director for the Economy is recommended:

1. To approve that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that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 Mae Architects Ltd (Mae) as the Lead Architect to head the Consultancy Team (identified below at 1.4) for the White City Central scheme.
 3. To note that the decision to appoint Mae has been made in consultation with members of the White City Residents' Advisory Panel (WCRAP).
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Wards Affected: Wormholt & White City ward

H & F Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"> Building shared prosperity 	<p>The Architects, where possible, will procure local businesses (sub-consultants) for elements of the design work.</p>
<ul style="list-style-type: none"> Creating a compassionate council 	<p>The Architects will lead on a comprehensive public consultation on the proposals to provide modern fit-for-purpose community facilities through the provision of quality homes.</p>
<ul style="list-style-type: none"> Doing things with local residents, not to them 	<p>The consultation mentioned above will go over and above that required by the planning process and will include a pre-planning drop-in consultation event and working with local residents including a Disabled Residents' Forum on the estate.</p>
<ul style="list-style-type: none"> Being ruthlessly financially efficient 	<p>Selection of the correct Lead Architect will ensure that the project has the best possible chance of designing the best quality and financially viable project.</p>
<ul style="list-style-type: none"> Taking pride in H&F 	<p>The brief to the design team encourages a quality addition to the borough both in terms of community facility provision, housing provision and the physical fabric of the borough. We have also encouraged smart thinking around the creation of shared spaces for the community to benefit from.</p>

Financial Impact

- In June 2019, Cabinet approved a capital budget of £2,880,000 to progress the White City Central Scheme to RIBA stage 3 (Planning permission). This budget is to be funded by HRA borrowing¹. Cabinet have approved an initial allocation of

¹ The original approval included a £864,000 contribution from right to buy receipts. However as White City has been included in the GLAs affordable housing programme the right to buy receipts have been substituted with GLA affordable housing grant. The trigger point for claiming GLA grant is start on site. Therefore, the GLA grant cannot be applied to the budget to RIBA stage 3 (planning permission) and as such borrowing will be used in its place. This change was recognised through the 2019/20 Capital Budget Monitoring.

£720,300 to progress the project to RIBA stage 1. At 15th July 2020 only £45,622 of the £720,300 RIBA 0-1 budget had been spent, with nothing else committed. This leaves £674,678 available to complete RIBA stage 1.

- The full £1,081,750 value of the contract can be contained within the £2,880,000 RIBA stage 3 budget. There will be a break clause inserted within the contract that can be triggered at completion of RIBA stage 1 (see recommendation no. 5). Therefore, committed expenditure will be limited to £357,450 at this stage which can be contained within the remaining £674,678 available RIBA 0-1 budget and allow for the upcoming appointment of the Employer's Agent. The table below sets out the current forecasted spend for the consultant team:

Discipline	Proposed lead consultant	Proposed spend to RIBA Stage 1 £000s	Proposed spend to RIBA Stage 3 (inc stage 0-1) £000s
Lead Architect & Design Team	Mae Architects Ltd	357	1,082
Employer's Agent	Arcadis LLP	68	178
Total		425	1,260

- Development Board will consider further budget allocations to progress the scheme through RIBA stages 2 & 3 subject to a refreshed scheme appraisal confirming continued viability following the completion of stage 1. Based on the current appraisal the scheme is financially viable, although dependent on 50% of the housing being developed for private sale.
- Should planning or procurement of a build contractor be unsuccessful then the scheme expenditure to date would be at risk of being written off from capital turning it into an unbudgeted charge to revenue. The aforementioned break clause for this contract cap at-risk expenditure to £357,450 at this stage.
- CreditSafe have performed a credit check on Mae Architect Ltd on 9th July 2020. Their latest score as at 6th December 2019 was 75, which is classified as very low risk. However, CreditSafe have provided a 'suggested contract limit' of £250,000, which is lower than the value of the Lead Architect contract and is an indication that Mae might not have the financial capacity to deliver such a contract. Mae's latest accounts have been provided which show an average turnover of £2,237,386 between 2018/19 & 2019/20 which is more than the minimum requirement of double the contract value. It should be noted however that these accounts are unaudited.
- The risk of Mae not having the capacity to deliver the contract has been considered and assessed as low risk by the project manager based on the considerations set out in section 1.14 of the detailed analysis section.

Legal Implications

1. This report is recommending the appointment of a Lead Architect for the White City Redevelopment scheme following a procurement exercise using the Notting Hill Housing framework for construction professionals, Lot 1 (Architects).
2. The value of the contract means that it is over the threshold for services contract above which it needs to be tendered in accordance with the Public Contracts Regulations 2015 (“PCR”). One of the ways of complying with the PCR is to call a contract off a compliant framework. The NHH framework has been previously checked for compliancy.
3. Under Contract Standing Orders, this contract is classed as a High Value contract. Under CSO 19, call off from a compliant framework satisfies the Council’s procurement requirements for High Value contracts, provided that the rules of the framework have been followed.
4. The NHH framework includes a set of standard contract terms for use in appointing consultants, and Contract Standing orders requires a formal contract to be drawn up for execution as a deed.
5. The decision-maker needs to be satisfied that the recommended contract award will see award being made to the tenderer which submitted the most economically advantageous tender on the basis of the criteria set out in the framework, and an award that is in the best interests of the Council.

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Background Papers Used in Preparing This Report

4th June 2019, Cabinet Report – White City Estate – New Council Homes and Community Facilities - PUBLISHED

DETAILED ANALYSIS

1. Proposals and Analysis of Options

- 1.1. The Lead Architect brought to the programme will complement the proposed project team which will comprise of an Employer's Agent and Design Team. The Lead Architect will manage the design process and produce an appropriate proposal to submit to planning.
- 1.2. Together the external and internal project team will enable appropriate management of cost risk and facilitate LBHF in 'Being Ruthlessly Financially Efficient'.
- 1.3. To note that RIBA Stages 0 – 4 are due to commence in July 2020 at a total cost of £1,081,750. This will deliver RIBA Stage 3 designs to submit for planning approval and is subject to a break-clause at the end of RIBA Stage 1 which can either limit expenditure to a fixed cost of £357,450 if a viable design seems unlikely.

Procurement Process

- 1.4. Officers have carried out a mini-competition using the Notting Hill Housing Framework, lot CF1 Architect. The Council's capitalSourcing portal was used. Under the Notting Hill Housing Framework rules, the Frameworks Capability Matrix was used to select the four bidders best matched to meet the Council's requirements, these five were invited to receive the Council's invitation to tender.
- 1.5. The architects invited to tender were asked to propose subconsultants covering various professional disciplines. The following disciplines requested as part of the ITT are listed below:

Core Team	
Discipline	Proposal
Lead Architect	Mae Architects Ltd
Community Engagement Consultant	Make: Good
Planning Consultant	CMA Planning

- 1.6. The cost for RIBA Stage 0 is fixed at £178,725. During RIBA Stage 0 a number of options will be explored in consultation with local residents. As the proposed red line boundary of the site has not yet been determined, a range of options and prices have been provided to agree a way forward.
- 1.7. Officers are carefully managing Stage 1 process up to the first Gateway Review. This will minimise any risk of termination of the scheme.

- 1.8. The fee for taking the projects to the end of RIBA 4B is dependent on the final brief and whether the whole area will be developed. The Design Team has submitted various costs to act as a benchmark if when entering RIBA 2 a variation is required.
- 1.9. In assessing the Lead Architect tenders, and as set out in the Council's Invitation to Tender, submissions were evaluated to ascertain the most economically advantageous tender on the basis of: 70% on technical / quality and 30% on price. The split was chosen to ensure that quality of service is maintained.
- 1.10. The technical review was based on the criteria set out in the NHH framework, being:
 - Experience
 - Approach
 - Resources
 - Programme
 - Stakeholder Management & Community Consultation
 - Social Values and;
 - Risk Management.

Evaluation of Tenders

- 1.11. Officers from the Economy Department carried out an evaluation of the four tenders received. Details of the evaluation is contained in the exempt Appendix 1.
- 1.12. Mae scored the highest on the technical review (60% out of 70%). Mae has strong experience of consulting with stakeholders, communities and delivering mixed-use developments. Mae emerged as the clear favourite from residents.
- 1.13. Fees based on Option 2 (developing the entire site) – this can be found in the Exempt Appendix 1.
- 1.14. The contract will allow for a break clause for the project at the end of RIBA Stage 1 if the project is not approved at the next Gateway in December 2020.
- 1.15. As part of the financial due diligence outputs, CreditSafe provided a 'suggested contract limit' that is lower than the value of the architectural services required for the White City Central scheme. 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:
 - The Council has recently worked with Mae on the Sands End Community Centre in Sands End which had a contract value of just over £500,000.
 - Mae is an established business that has been operating for over 10 years and has met the Council's Economic and Financial Standing of the annual turnover and CreditSafe score.
 - Mae will share business continuity plans.

- This is a service contract which requires less upfront investment than a works contract.

Options and analysis of options

- 1.16. Option 1 – Strategic Director for The Economy in consultation with Cabinet Member for Economy and the Arts to appoint Mae as the Lead Architect for the White City Central scheme.
- 1.17. Option 2 – do not appoint Mae as the Lead Architect for the White City Central scheme and carry out a new procurement exercise.
- 1.18. Option 3 – do not appoint Mae as the Lead Architect, leaving the White City Central scheme without a Lead Architect to work up design proposals.
- 1.19. Option 1 has been recommended as the preferred approach. The Council's priorities are still aligned in delivering new Council housing and modern and fit-for-purpose community facilities in the borough and the procurement process has produced a good result in compliance with Council's Contract Standing Orders.

2. Reasons for Decision

- 2.1. The appointment of the Lead Architect will enable the Council to design proposals for a viable planning application enabling the final business cases for each project to be determined.
- 2.2. The fees are within the budgeted value for both RIBA 1 and RIBA 2, 3 & 4B.

3. Equality Implications

- 3.1. There are no anticipated negative equality implications for groups with protected characteristics, under the Equality Act 2010, associated with the approval of the recommended option outlined in this report.

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

4. Risk Management Implications

- 4.1. The recommendation is made in accordance with the Ruthlessly Financially Efficient Priority to secure the best possible services to the Council. This has been achieved by undertaking a competitive process and the evaluation undertaken by Officers has concluded that an award can be recommended.
- 4.2. Delivery of the project is being assured by the Economy Department through measures stated in 1.14 of the report having considered the credit risk of the successful bidder.

Implications verified by Michael Sloniowski, Risk Manager, tel: 020 8753 2587.

5. Other Implications

5.1. Procurement

The results of the evaluation process have been verified against the e-tendering system on 22 July 2020 by Ilaria Agueci, Corporate Procurement Officer.

6. Consultation

- 6.1. Officers have set up a White City Residents' Advisory Panel consisting of local residents on the estate. Four members of the panel reviewed the tender documentation and attended interviews for the Lead Architect. The project will work closely with residents and co-produce any scheme brought forward.

List of Appendices:

Exempt Appendix 1 – Scores