

London Borough of Hammersmith & Fulham

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

Date: 15/12/2020

Subject: Appointment Of Consultant Team For Hartopp & Lannoy Point

Report of: Matt Rumble- Strategic Head of Regeneration & Development

Report author: Omar Villalba, Complex Schemes Manager

Summary

This report seeks approval to award a contract to Faithful & Gould for Core Professional Services (the control team) including Employer's Agent services, Project Management, Quantity Surveying, and Principle Designer / Construction Design Management (CDM) to support the council to redevelop the Hartopp Point and Lannoy Point Site.

The contract will enable the completion of RIBA stage 1 at which point there is a break clause. The award can progress up to RIBA stage 4 or RIBA stage 7 (for certain services) if required and the budget is approved. This would be subject to an ongoing assessment of project viability. The inclusion of break clauses and/or automatic suspension of all stages beyond RIBA 1 is in line with the approved procurement strategy and will ensure at all times that contractual commitments match with available funding.

To ensure that both, quality and value for money requirements are achieved, the award recommended in this report follows a competitive tender exercise using the London Construction Programme's (LCP) Dynamic Purchasing System (DPS) for Construction, Estates and Property Professional Services. As part of this competitive exercise all bidders on the DPS in Lot 2 (Construction Project Management Services) were invited to participate in the tender opportunity.

The Strategic Director for the Economy, in consultation with the Cabinet Member for the Economy:

1. Notes that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that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. Approves the appointment of Faithful & Gould as the Control Team (for Employers Agent, Project Management, Construction Design Management (CDM) and Quantity Surveyor (QS) services) for the Hartopp & Lannoy Point scheme, for RIBA stages 1-7 with a break clause at the end of RIBA Stage 1.

3. Approves that the contract awarded to Faithful & Gould is at a fixed cost of £38,025 up to the end of RIBA stage 1 and up to a total cost of £609,975 for the full RIBA stages 1 – 7, subject to budgetary approval.
4. Approves the contingency set out in exempt appendix 1 and authorises the Head of Development to take the decisions against the approved contingency sum.

Wards Affected: Munster ward

H & F Priorities	Summary of how this report aligns to the H&F Priorities
Building shared prosperity	The Control Team, where possible, will procure local businesses (sub-consultants) for elements of the design work.
Creating a compassionate council	The Control Team will support the project in engaging in comprehensive public consultation on the proposals to provide modern and quality homes.
Doing things with residents, not to them	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.
Being ruthlessly financially efficient	Selection of the correct Control Team will ensure that the project has the best possible chance of designing the best quality and financially viable project.
Taking pride in H&F	The brief to the Control Team encourages a quality addition to the borough to ensure that in both in terms of 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.

Financial Impact

1. In September 2019, Cabinet approved the Compulsory Purchase Order (CPO) of properties in Hartopp Point and Lannoy Point which were being demolished on health and safety grounds. In that decision, Cabinet approved a budget of £250,000 for the initial design work for the redevelopment of the site. Taking account of costs already incurred and committed Design Team Award RIBA stage 1 cap of £117,564, this budget is sufficient for this appointment up to RIBA stage 1 which is expected to be capped at £38,025.
2. This Award report is in line with the Officer Decision '*Approval of two Procurement Strategies relating to the Hartopp & Lannoy Redevelopment*' approved on 20 August 2020, and the total contract value of £609,975 is within the £916,000 approval limit approved in the Procurement Strategy report.
3. Progression beyond RIBA stage 1 will require further budget approvals and will be subject to the ongoing demonstration of the scheme's financial viability. The latest appraisal produced in collaboration between Development and Finance officers currently demonstrates viability. The full financial implications of the development will be presented in the upcoming budget approval report.
4. The contractor recommended for appointment has been subject to an assessment of their financial stability for which the minimum criteria is:
 - A Creditsafe score greater than 50 (deemed as low risk)
 - An average turnover of the last two years of at least double the contract value.
5. A credit report was produced for Faithful & Gould via Creditsafe on 16 November 2020. As at the date of Creditsafe's latest company report (3 November 2020) they have a low risk credit score of 99, which is above the Council's threshold of 51. The average turnover for the most recent two years is £173m, which is in excess of double the proposed contract value.

Legal Implications

1. This Award Report is recommending the appointment of a Control Team for Hartopp & Lannoy Point scheme following a procurement exercise using the London Construction Programme's Dynamic Purchasing System (DPS) for Construction, Estates and Property Professional Services. The contract award is for a total of £609,975. This will cover RIBA Stages 1-4 for Project Management and Quantity Surveyor services and Employers Agent Services from RIBA 5 to 7 and CDM services from RIBA 1 to 7. The maximum value of the call-off contract is over the threshold for services, and therefore subject to the full remit of the Public Contracts Regulations 2015 ("PCR").
2. Under Contract Standing Orders, this call-off contract is classed as a High Value contract. Under Contract Standing Order (CSO) 19, a 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. In

accordance with CSO 21.5, this contract award report will be submitted to the Contracts Assurance Board for review before the decision is taken.

3. In accordance with the approved procurement strategy, Legal Services evaluated the London Construction Programme's Dynamic Purchasing System (DPS) for Construction, Estates and Property Professional Services Lot 2 (Construction Project Management Services) for the appointment of the Control Team and confirmed that it was established in a way that was compliant with the PCR and was appropriate for use.
4. The decision-maker needs to be satisfied that the recommended call-off contract award is being made to the tenderer which submitted the most economically advantageous tender on the basis of the criteria set out in the DPS and the approved Procurement Strategy report, and that the award is in the best interests of the Council. This will secure compliance with the PCR requirements and the Council's Contract Standing Orders.
5. The CSOs require a formal contract to be drawn up for execution as a deed. The Council's Legal Service will assist with preparing a formal contract
6. As the value of the call-contract is above £300,000, the call-off contract award is a Key decision and must be submitted to Committee Services for publication on the Council's website. In addition, a copy of the completed (dated) call-off contract must be uploaded to the Council's Contracts Register along with a copy of the award report.

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Verified by Emily Hill, Director of Finance

Background Papers Used in Preparing This Report

Cabinet report Hartopp and Lannoy Points- 2 September 2019

DETAILED ANALYSIS

Proposals and Analysis of Options

1. In September 2019, Cabinet approved the Compulsory Purchase Order (CPO) of properties in Hartopp Point and Lannoy Point which were being demolished on health and safety grounds. In that decision, Cabinet approved a budget of £250,000 for the initial design work for the redevelopment of the site.
2. The required Control Team services are made up of the Project Management, Employers Agent, Construction Design Management, Quantity Surveyor services and the appointee will manage the design team and produce robust control and delivery proposals throughout the project.
3. The Control Team will be working with the internal project team, comprising Council officers and enable appropriate management of cost risk and facilitate LBHF in 'Being Ruthlessly Financially Efficient'.
4. Following appointment, the design project is due to commence in December 2020 at a total cost of £609,975. The services will enable the submission of a planning application and will support the procurement process of a build contractor to RIBA stage 4 as well as construction management to RIBA 7 (the precise stage for each discipline is highlighted below). Each discipline is subject to a break-clause at the end of RIBA Stage 1 which can limit expenditure to a fixed cost of £38,025 if a viable design seems unlikely or further budget is not approved by cabinet.

Procurement Process

5. Officers have carried out a competition using via the London Construction Programme's Dynamic Purchasing System (DPS) for Construction, Estates and Property Professional Services, lot 2 Under the DPS internal rules, the tender was open to all consultants on the framework after the reduction of numbers via use of a key qualifying question on their level of experience on delivery of similar projects to ensure that only consultants with the relevant experience could provide a tender submission.
6. The consultant team invited to tender were asked to propose subconsultants covering various professional disciplines. The following disciplines requested as part of the ITT are listed below:

Service Requirement	Scope (RIBA Stage Requirement subject to the Authority extending the scope through each RIBA stage)
Project Management	RIBA stages 1
CDM Services	RIBA stages 1
QS services from RIBA	RIBA stages 1 (including QS elements to the EA role)

Optional Services

Service Requirement	Scope (RIBA Stage Requirement subject to the Authority extending the scope through each RIBA stage)
Project Management	RIBA stages 2 to 4
Employer's Agent	RIBA stages 5 to 7
CDM Services	RIBA stages 2 to 7
QS services from RIBA	RIBA stages 2 to 4 (including QS elements to the EA role)

7. The cost for RIBA Stage 1 is fixed. During RIBA Stage 1 a number of options will be explored in consultation with local residents. Officers are carefully managing Stage 1 process up to the first Gateway Review. This will minimise any risk of termination of the scheme.
8. In assessing the Consultant Team services tenders, and as set out in the approved Procurement Strategy and Council's Invitation to Tender, submissions were evaluated to ascertain the most economically advantageous tender on the basis of 60% on technical/ quality and 40% on price. The split was chosen to ensure that quality of service is maintained.
9. The technical review was based on the criteria set out in the approved procurement strategy, being:
 - Project Delivery – Experience, Technical Competence of the project
 - Approach to design, collaboration and programme
 - Management Structure and sub-contractors/ Health and Safety
 - Social Values and;
 - Project Risks and Mitigation

Evaluation of Tenders

10. Officers from the Economy Department carried out an evaluation of the eleven tenders received. Details of the evaluation is contained in the exempt Appendix 1.
11. Faithful & Gould scored the highest on the technical envelope (55% out of 60%) and scored 23% out of 40% on the commercial envelope which gave them a total of 78%. Faithful & Gould have excellent experience in the delivery of complex high-rise residential projects in an inner city setting. Fees for the individual stages can be found in the Exempt Appendix 1.
12. 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 March 2021.

Options and analysis of options

13. Option 1 –appoint Faithful & Gould as the Control Team for the Hartopp & Lannoy Point.

14. Option 2 – do not appoint Faithful & Gould as the Control Team for Hartopp and Lannoy Point scheme and carry out a new procurement exercise.
15. Option 3 – do not appoint Faithful & Gould as the Control Team, leaving the Hartopp & Lannoy scheme without a Project management team to manage the lead Architect and Design Team in working up proposals.
16. Option 1 is 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.

Reasons for Decision

17. The appointment of the Control Team will enable the Council to progress proposals for a viable planning application enabling the final business cases for each project to be determined.
18. The fees are within the expected value for RIBA 1 to RIBA 7.

Equality Implications

19. There are no direct implications for groups with protected characteristics, under the Equality Act 2010, by the approval of the recommended option outlined in this report.

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

Risk Management Implications

20. Being Ruthlessly Financially Efficient means that the Council seeks to obtain the best quality services through a competitive process, and this has been undertaken. Evaluation undertaken by the Service has concluded that an award can be made based on the criteria in the Technical review, paragraph 1.9. Together the external and internal project team will enable appropriate management of cost risk and facilitate LBHF in 'Being Ruthlessly Financially Efficient'.

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

Procurement

21. The evaluation was undertaken via the LCP DPS framework under the framework and not undertaken the e procurement system.

Implications completed by: Ilaria Agueci, Procurement Consultant, tel. 0777 667 2878.

Consultation

22. The project will work closely with residents and co-produce any scheme brought forward. A community consultation strategy has been developed to engage with the local community and ensure residents are consulted throughout the design development process. This will entail a co-ordinated approach from the project team, H&F client team, the community engagement lead to ensure all stakeholders are integrated into the process. The approach shall take into consideration the government's latest covid related guidance in relation to public engagement activities.

List of Appendices:

Appendix 1 (exempt) – Scores