

## London Borough of Hammersmith & Fulham

**Report to:** Cabinet

**Date:** 04/01/2021

**Subject:** Contract award for major refurbishment works to Maystar Estate W14

**Report of:** Councillor Lisa Homan - Cabinet Member for Housing

**Report author:** Vince Conway - Senior Programme Manager, Capital Delivery

**Responsible Director:** Tony Clements - Strategic Director for the Economy

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### Summary

This report seeks approval to award a contract for the major refurbishment of various housing properties comprising the Maystar estate W14. The 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.

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### Recommendations

1. Appendices 1, 2 and 3 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that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. That Cabinet approves, subject to completion of consultation with affected leaseholders under Section 20 of the Landlord and Tenant Act 1985, the appointment of Axis Europe PLC via the South East Consortium Internal and External Works Framework ("SEC") Lot 1b: Major Refurbishment over £1m, to undertake major refurbishment works to the Maystar estate W14 for a sum of £5,179,155.65. The project is expected to be awarded on 18<sup>th</sup> January 2021 with a site completion date of 17<sup>th</sup> January 2022.
3. That Cabinet approves a contingency sum detailed in exempt Appendix 3 to deal with any unforeseen works that may arise during the delivery of the project.
4. That Cabinet approves a budget of £20,000 for miscellaneous costs that may arise outside of the contract, generally internal recharges to other council services such as planning or building control fees, parking suspensions, arboricultural advice.

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**Wards Affected:** North End

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	Axis' tender includes commitments to social value including providing employment opportunities for local people and using local companies in its supply chain.
Creating a compassionate council	Investment in social housing enables the council to fulfil its landlord function and provide good-quality homes to local people that are safe, secure and genuinely affordable.
Doing things with local residents, not to them	Residents have been consulted in the preparation of this scheme including formal ballots to decide door styles and communal redecorations. The consultation will continue post-award to include site set-up arrangements and further information on the delivery stage.
Being ruthlessly financially efficient	The project has been competitively tendered and awarded on the basis of most economically advantageous tender as set out in the procurement strategy. There will be robust contract management and a strong site presence to ensure quality standards and value for money.
Taking pride in H&F	The evaluation criteria has required contractors to give details of their approach to energy consumption, use of sustainable materials, transport plan, site waste management, and noise pollution.
Rising to the challenge of the climate and ecological emergency	The project includes the installation of LED lighting to all communal areas. LEDs require significantly less power than regular forms of lighting, thereby reducing energy consumption. They are also cheaper to run and have a longer lifespan than traditional luminaires.

## Financial Impact

1. The HRA Asset Management Compliance Strategy and Capital Programme latest budget approved by Cabinet on 12 October 2020 contains an allocation of £5,154,200 for this scheme. The total budget requirement for the works proposed in this report is £5,420,850 plus contingency amount as set out in the exempt Appendix 3. This means there is a current budget shortfall of £266,650 plus the contingency amount.
2. The Asset Strategy Team have provisionally approved, subject to final approval by the Capital Board on 19 November 2020, to fund this shortfall out of the budget currently sitting within Condition Survey budget which can be diverted to fund other capital works subject to approval as the condition survey cost is being funded from revenue budget.
3. A credit report was produced for Axis Europe PLC via CreditSafe on 13 November 2020 which shows they have a very low risk credit score of 92 out of 100. Their average turnover for the two financial years ending 31 March 2020 is £166m, which is well above the minimum required value of twice the proposed contract sum of £5.2m.
4. The Leasehold Services team's estimate of the cost chargeable to Leaseholders for these works is set out in the exempt 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.

## Legal Implications

This report has been reviewed in accordance with the Public Contract Regulations 2015 ("PCR 2015") and the Council's Contract Standing Orders ("CSOs").

This report requests the approval for the the appointment of Axis Europe PLC via the South East Consortium Fire Remedial Works Framework ("SEC Framework") Lot 1b: Major Refurbishment over £1m, to undertake major refurbishment works to the Maystar estate W14 for a sum of £5,179,155.65. The project is expected to be awarded on 18<sup>th</sup> January 2021 with a site completion date of 17<sup>th</sup> January 2022.

The value of the call-off contract is over the threshold for works, and therefore subject to the full remit of the Public Contracts Regulations 2015 ("PCR"). Legal services evaluated the SEC Framework and confirmed that it is compliant with the PCR and is appropriate for use.

Under Contract Standing Orders, this call-off contract is classed as a High Value contract. Under 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 has been submitted to the Contracts Assurance Board.

The usual decision maker in accordance with CSO 21 is the relevant Cabinet Member. However this report has been submitted to Cabinet for approval, who also have the required authority to be the decision maker in accordance with their delegated authority under the constitution.

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 Framework, and an award that is in the best interests of the Council.

The SEC Framework requires the Framework's Call-off Contract to be entered into, and Contract Standing orders requires a formal contract to be drawn up for execution as a deed. Officers shall work with Legal officers to prepare the contract documentation.

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.

As the value of the works exceeds £25,000, Regulation 112 of the PCR requires the Council to publish on Contracts Finder within a reasonable time providing the name of the winning bidder, the date on which the contract was entered into, the value of the contract and whether the contractor is an SME (small or medium-sized enterprise or VCSE (voluntary, community, and social enterprise)).

*Implications verified/completed by: Radhika Devesher, Associate, Sharpe Pritchard LLP, external legal advisers seconded to the Council, tel – 0207 405 4600 [rdevesher@sharpepritchard.co.uk](mailto:rdevesher@sharpepritchard.co.uk).*

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### **Background Papers Used in Preparing This Report**

None

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

1. 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.
2. The proposed works consist of structural and concrete repairs to private balconies and public walkways, new FD30/FD60 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.

### **Property**

3. Situated off North End Road, the Maystar estate encompasses 28 blocks and provides 392 homes (excluding two houses sold freehold) in the Fulham North housing area. The main body of the estate was constructed in 1977 to the north of Star Road (hence the estate is also referred to as Star Road Estate). The homes on the upper floors have the address Cheesemans Terrace whilst the ground floor accommodation has other addresses (Shuters Square, Star Road, Sun Road, etc) and include a mixture of flats and houses. One block, 6-13 Orchard Square & 37-52 Cheesemans Terrace, is designated sheltered housing. Passfields is a single five storey 1960's block of 24 flats. Alice Gilliatt Court sits to the south of Star Road and comprises four blocks of between four and six storeys. It was constructed in the late 1950s and provides 77 homes. Browning Court was built in the 1970's and provides 30 flats arranged over two storeys.

### **Tender Process**

4. The procurement has been undertaken through the SEC framework by way of a mini-competition under the Internal and External Works framework Lot 1b (major refurbishment works over £1,000,000). This is an OJEU-compliant framework awarded 23<sup>rd</sup> October 2019 which expires 22<sup>nd</sup> October 2023.
5. The invitations to tender were published on the mytenders portal on 12<sup>th</sup> June 2020 with a closing date for receipt of tenders of 5<sup>th</sup> August 2020. Tender submissions were received from six suppliers.
6. The tender appraisal panel comprised officers from the council's capital delivery team and representatives from Baily Garner, multi-disciplinary consultants for the project, with the SEC taking the role of facilitator. The panel evaluated all submissions in accordance with the mini-competition set out in the ITT 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 six months from the closing date.

7. 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.

<b>Tender Appraisal</b>							
<b>Overall Ranking</b>	<b>Contractor</b>	<b>Value of tender</b>	<b>Price Score</b>	<b>Price Rank</b>	<b>Quality Score</b>	<b>Quality Rank</b>	<b>Total Weighted Score</b>
1 <sup>st</sup>	Axis Europe PLC	£5,179,756	91.59	4th	89.50	1st	90.33
2 <sup>nd</sup>	Tenderer 2	£4,743,893	100.00	1st	82.00	2nd	89.20
3 <sup>rd</sup>	Tenderer 3	£4,995,498	94.96	3rd	70.00	3rd	79.98
4 <sup>th</sup>	Tenderer 4	£4,928,195	96.26	2nd	60.00	4th	74.50
5 <sup>th</sup>	Tenderer 5	£5,299,820	89.51	5th	41.00	6th	60.40
6 <sup>th</sup>	Tenderer 6	£6,237,144	76.06	6th	44.00	5th	56.82

8. Based on the evaluation process carried out in accordance with the approved procurement strategy and Invitation to Tender officers therefore recommend acceptance of the tender submitted by Axis Europe PLC.

#### **Walkway glazing panel options**

9. The specification included three different options for works to communal walkway glazing panels at Alice Gilliatt Court and Passfields and the suppliers have provided prices for each option within their tender sum.
10. The final option to be taken forward will be formally decided post-award with options not taken forward removed from the contract. Option 2 which proposes the ad hoc replacement of walkway glazing as required is the preferred option and the most likely to be taken forward. The various costs for each option and each block are summarised below.

Block	Option 1	Option 2 (preferred)	Option 3
1-19 Alice Gilliatt Court	£ 9,482.55	£14,597.56	£ 27,079.14
20-39 Alice Gilliatt Court	£ 23,921.88	£23,038.28	£ 30,419.58
40-69 Alice Gilliatt Court	£ 31,895.84	£31,910.93	£ 49,456.87
70-77 Alice Gilliatt Court	£ 4,741.27	£ 366.37	£ 9,325.22
1-24 Passfields	£ 9,482.55	£11,500.82	£ 30,775.20
<b>Totals</b>	<b>£ 79,524.09</b>	<b>£81,413.96</b>	<b>£147,056.01</b>

11. Therefore the most likely scenario is that the contract value will reduce by £226,580.10, the sum of Options 1 and 3.

### Cashflow

12. The estimated cashflow based on the recommended contract sum is as follows:

Element	2019/20	2020/21	2021/22	2022/23	Total
Works	0	£597,664	£4,355,511	£226,580	£5,179,756
Miscellaneous	0	£10,000	£10,000	£0	£20,000
Fees	£49,371	£94,730	£66,508	£11,085	£221,694
<b>Total</b>	<b>£49,371</b>	<b>£702,394</b>	<b>£4,432,019</b>	<b>£237,665</b>	<b>£5,421,449</b>

### Reasons for Decision

13. 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. 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.
14. The decision above is required to appoint the successful contractor to carry out the works required in these buildings.

### Equality Implications

15. 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.

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

### Risk Management Implications

16. Proposals made are in accordance with the Council's continuing ambition to improve fire safety and security for residents. Works should be undertaken in

full consideration and application of HM Government, Health and Safety Executive, Public Health and Industry guidelines to maintain safe distancing at work and other measures to mitigate risks associated with Covid-19. Ensuring works of this nature happen will form a part of the recovery of the construction industry following the lockdown.

17. Prior to commencement of works the contractor's emergency contact numbers will be checked to ensure they are operating as required by the contract.

*Implications verified by: Michael Sloniowski, Risk Manager, tel 020 8753 2587, mobile 07768 252703.*



## **Procurement Implications**

18. The tenders were opened on the mytenders portal in the virtual presence of the council's corporate procurement team and prices recorded on the council's Form B. The evaluation scores have been checked for arithmetical accuracy and have been calculated in accordance with the published evaluation criteria.
19. Although mytenders portal has been used for the submission of tenders all documents will subsequently be uploaded to capital esourcing and the contract will be recorded on the council's contracts register.

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

## **Business Implications**

20. The council's new Social Value Strategy became effective on the 15 May 2020 and introduced a mandatory requirement for all procurement activities over £100,000 to generate a minimum 10% in social value.
21. Tenderers were required to complete the council's social value matrix and provide a method statement showing how they would meet the commitments included. Axis Europe PLC's social value commitment includes:
  - Allocating personnel who are responsible for social, training and environmental commitments
  - Generating £120,000 of proxy value through social value commitments as well as £1.5m in local contract spend (proxy value of £2.8m)
  - Providing two full-time equivalent employment opportunities to the local community, with one of these opportunities taken up by a local person who has been unemployed for a year or more.
  - Building relationships with local schools to plan and deliver work placements
  - Providing local community access to funding and support from the Axis Foundation
  - Investing in green technology & sustainable procurement so operations are carbon neutral by 2035
22. The tender process pre-dates the new ITT which sets out how the council will enforce the social value obligation. Officers are discussing with legal the best way to ensure this effectively monitored for this contract.

*Implications verified by: Ilaria Agueci, Procurement Consultant, tel 0777 667 2878 and Kamal Motalib, Head of Economic Development, tel, 07773353914.*

## **Digital Services Implications**

23. IT Implications: No IT implications are considered to arise from the proposal in this report. Should this change, Digital Services should be consulted.

24. IM Implications: A Privacy Impact Assessment will need to be completed to ensure all potential data protection risks arising from this proposal are properly assessed with mitigating actions agreed and implemented.
25. Suppliers appointed as a result of this report will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.
26. Any contracts arising from this report will need to include H&F's data protection and processing schedule which is compliant with Data Protection law.

*Implications verified by: Karen Barry, Strategic Relationship Manager, Digital Services, tel 07787105687*

### **Consultation**

27. There has been ongoing consultation with residents to explain the nature and scope of the works, programme, and broad timescales. Residents will receive further correspondence prior to work starting on site, updating them regarding the programme, the scope of works and the level of support in place for residents from officers within the Capital Delivery Team.
28. Officers will be mindful of current guidance on Covid-19 during proposed consultation events and will discuss options with the TRA. Remote consultations may include video, telephone, email and mobile messaging. Where face to face meetings are considered essential social distancing will be followed and appropriate PPE worn.
29. Leaseholders have been notified in accordance with statutory consultation legislation. Notices of intent were sent out on and expired 17<sup>th</sup> June 2019. The Notices of Estimate are expected to be issued week commencing 26<sup>th</sup> October 2020 and the consultation period will expire week commencing 30<sup>th</sup> November 2020. The contract will not be issued until expiry of the section 20 notices and the satisfactory conclusion of any observations received.
30. As of 7<sup>th</sup> October 2020 a total of 119 properties have been sold under right to buy legislation with six applications pending.
31. The estimated charges to leaseholders based on the recommended contract sum plus contingency and internal management fees are shown in Appendix 2.

### **List of Appendices:**

- Appendix 1: Details of tender analyses (exempt)
- Appendix 2: Details of leaseholder recharges (exempt)
- Appendix 3: Risk Register Contingency Amounts (exempt)