

## **London Borough of Hammersmith & Fulham**

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

**Date:** 07/03/2021

**Subject:** Approval of two Procurement Strategies relating to the White City Central Scheme

**Report of:** Matt Rumble, Strategic Head of Regeneration & Development

**Report author:** Ayesha Ovaisi, Development Manager

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### **Summary**

This report seeks the approval of two procurement strategies for consultants relating to the proposed development of the central area on the White City Estate also referred to as White City Central. The procurement of Mechanical, Electrical, Public health and Energy engineering services (MEP & Energy) and a Civil and Structural Engineer (C&SE) will support the Council's Development Team and Consultants including Mae Architects (already appointed on the scheme) to continue to work on proposals to develop the White City Central area for the delivery of new homes and re-provision of community facilities.

The first procurement strategy is for the appointment of a MEP & Energy Engineer; to be procured from RIBA design stage 2 through to Stage 3 (planning), plus some elements of RIBA 4 relating to procurement of construction contractor, as more particularly described in Appendix 1 of this report. The second procurement strategy is for the appointment of a Civil and Structural Engineer; to be procured from RIBA stage 2 through to Stage 3 (planning), plus some elements of RIBA 4 relating to procurement of construction contractor, as more particularly described in Appendix 2 of this report.

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### **Recommendations**

That the Strategic Director for the Economy:

1. Approves the procurement strategy for the appointment of a Mechanical, Electrical, Public health & Energy Engineer for the White City Central project as set out in Appendix 1, for RIBA stages 2 and 3, plus some elements of RIBA 4 relating to procurement of construction contractor.
  2. Approves the procurement strategy for the appointment of a Civil & Structural Engineer for the White City Central project, as set out in Appendix 2, for RIBA stages 2 and 3, plus some elements of RIBA 4 relating to procurement of construction contractor.
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**Wards Affected:** Wormholt and White City

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### H&F Priorities

<b>Our Priorities</b>	<b>Summary of how this report aligns to the H&amp;F Priorities</b>
Building shared prosperity	<i>The redevelopment will help deliver much needed genuinely affordable homes in the borough and re-provide community facilities for local residents.</i>
Doing things with local residents, not to them	<i>Residents have been engaged on the project at a very early stage and will help inform the Council on what will be delivered.</i>
Taking pride in H&F	<i>The redevelopment will re-provide community facilities and help rejuvenate the area.</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 the work to be carried out by these two sets of engineers 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.

On 3<sup>rd</sup> June 2019, Cabinet approved an overall budget of £2,880,000 to progress the project up to RIBA Stage 3 (developed design) of the Council's Development Gateway process. The first £720,300 for RIBA Stage 1 (outline scheme plan) was approved to be spent in the same Cabinet report. The costs outlined here will come out of the remaining £2,159,700 which requires recommendation to the Strategic Director for Economy in consultation with the Director of Finance from the Development Board prior to the appointment of both engineering consultants. Once approved, there will be sufficient budget to cover the procurement of both contracts estimated to cost £600,000.

It is recommended that a refresh and review of the cost appraisal is carried out to confirm the schemes ongoing viability before commissioning the appointed consultants to progress through each stage and that in the event the scheme is aborted the contracts have sufficient break clauses to limit the councils commitments.

There will be additional funding requested from Cabinet for costs that relate to the procurement of a construction contractor at RIBA stage 4.

### Legal Implications

This report is seeking approval for:

- a) the procurement strategy for the appointment of a consultant to provide civil and structural engineering services, as set out in Appendix 2, for the estimated total value of £300,000; and
- b) the procurement strategy for the appointment of a consultant to provide Mechanical, Electrical, Public Health (MEP) and Energy engineering, as set out in Appendix 1, for the estimated total value of £300,000.

Both these contracts are above the EU threshold for services, as set out in the Public Contract Regulations (“the Regulations”). Under the Regulations, use of an EU-compliant framework is permitted as a procurement route. The position under Contract Standing Orders is that under CSO 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. Therefore, the recommended procurement strategies of using such frameworks complies with Contract Standing Orders,

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 using the NHH framework**

The Council’s legal adviser has evaluated the Notting Hill Genesis Consultancy Framework CF2 (the “Framework”) that is proposed for the appointment of both consultants under their respective Procurement Strategies, and have confirmed that it was procured under a process compliant with the EU public procurement regulations and is appropriate for use. The Council is among the class of permitted third party users. It is necessary to call off from a particular lot of the framework, and here lot 2 for Civil and Structural Engineers and lot 3 for Mechanical & electrical engineers will apply. The scope of each framework lot has been checked to ensure that it covers the range of services required.

The Council has used the Framework previously and has already signed 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.

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 Appendices 1 and 2 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 can form part of the mini-competition documents.

*Implications verified/completed by: Deborah Down, Senior Associate with Sharpe Pritchard Solicitors, on secondment to the Council. [ddown@sharpepritchard.co.uk](mailto:ddown@sharpepritchard.co.uk)*

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## Background Papers Used in Preparing This Report

No.	Description of Background Papers	Date
1.	Cabinet Report – White City Estate – New Council Homes and Community Facilities	03/06/2019

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## DETAILED ANALYSIS

### Proposals and Analysis of Options

1. As part of developing the assets and growth strategy, the Council has conducted ward-based reviews of its non-residential assets. The central area of the White City Estate is one area that has been reviewed and identified as having potential for new development. The Council commissioned a high-level capacity study of this area to understand what opportunity there is. The study did not include any residential buildings and covered only the central area of the estate (community facilities and green space). The study identified a range of interventions that have the capacity for between 100 and 250 new homes, alongside new community buildings. Initial financial feasibility work shows that there are potentially viable schemes that could move through public consultation and design development towards a planning application.
2. This area includes a number of non-residential buildings that are owned by the Council - the Council's North Area Housing Office, the former over 55s centre, the White City Community Centre, a number of play and open areas. It also includes the former White City GP Surgery, owned by NHS Property Services. Some of these buildings, although well used, are at the end of their useful life or there are opportunities to re-provide them in a more efficient manner while providing affordable housing.

3. In June 2019 Cabinet approved authority and budget to progress work on procuring consultants, creating a brief and working with local residents. The Council have appointed Mae Architects and Arcadis Cost Consultant / Project Manager on the scheme. The Consultants alongside Council Officers have been working closely with local residents and are exploring what the proposed development can deliver.
4. RIBA stage 2: Concept Design  
The initial concept design is produced in line with the design brief established in RIBA stage 1.

RIBA stage 3: Spatial Co-ordination

This stage tests and validates the architectural concept to make sure the architectural and engineering information prepared at Stage 2 is Spatially Coordinated before the detailed information required to manufacture and construct the building is produced at Stage 4.

### **The Procurement Strategy**

5. The MEP & Energy consultant to be procured under Appendix 1 will enable the design to progress inclusive of building services and energy implications. This includes understanding site services requirements, constraints, and key risks to account for in ongoing design and cost planning.
6. Additional services include:
  - To act as the MEP Engineer and Energy Consultant to the White City Central project, ensuring designs meet the requirements of the approved brief.
  - To undertake options appraisals and design studies as required to ensure an appropriate design strategy can be adopted for the project.
  - To cooperate and act as a key member of the project design team, attending meetings and coordinating works with other consultants and designers as required.
  - To develop services designs in support of the developing architectural designs, and in line with standard RIBA stage requirements, producing outputs required for both planning application and main contract tender documents.
  - Set out performance requirements on the briefing information, design, procurement and management of housing stock.
  - Find practical reductions in carbon emissions and operational performance in-use for design, to inform the move towards net zero carbon.
  - Other duties as detailed in the full schedule of services.
7. The Civil and Structural Engineer -
  - To act as the Civil and Structural Engineer to the White City Central project, ensuring designs meet the requirements of the approved brief.
  - To undertake options appraisals and design studies as required to ensure an appropriate design strategy can be adopted for the project.
  - To cooperate and act as a key member of the project design team, attending meetings and coordinating works with other consultants and designers as required.

- To develop civil and structural designs in support of the developing architectural designs, and in line with standard RIBA stage requirements, producing outputs required for both planning application and main contract tender documents.
  - Other duties as detailed in the full schedule of services.
8. The initial instruction on both appointments will be to RIBA stage 3, with elements of stage 4, but with a break clause after RIBA stage 1 should the Development Board not give further approval to the overall White City Scheme.
  9. The aim of both procurement strategies is to enable timely procurement of services in February 2021 to enable a swift redevelopment of the land and submission of planning application in autumn 2021 and start on site in March 2022, subject to continued viability and budgetary approval.

### **Options**

10. Each Procurement Strategy for the MEP & Energy consultant and the C&S engineer (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
11. On review of these options, each Procurement Strategy recommends the use of a third-party framework for the Design Team (Appendices 1 and 2) as the preferred option i.e. option 3, and that this is the Notting Hill Housing framework CF2.

### **Reasons for Decision**

12. The reasons for choosing the Framework are detailed in section 3 of each procurement strategy. The use of the recommended Framework will enable the council to fulfil its commitments to redevelop the site and in compliance with the requirements contained in the Council's Contract Standing Orders to seek approval for Procurement Strategies.

### **Equality Implications**

13. There are no Equality Implications related to these Procurement Strategies.

### **Risk Management Implications**

14. Consideration has been given to the Council's Value, Being Ruthlessly Financially Efficient, and in order to manage key risks outlined in the procurement strategies of a medium to large scale project;
15. Appendix 1: Mechanical, Electrical, Public health and Energy engineering services Procurement Strategy (MEP & Energy) and
16. Appendix 2: Civil and Structural Engineer (C&SE).

17. In order to progress the White City scheme further and develop the designs, a Civil and Structural and MEP & Energy consultants are required to carry out more detailed work on the project.
18. These are specialist services however, all providers must adhere to the guidance and regulations issued by HM Government, Health and Safety Executive and the sector in respect of Covid safe working.

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

### **Insurance implications**

19. It is cost critical that the consultants are aware that any procurement strategy needs to ensure the works contractors are liable under the indemnity clause 6.2 for damage to the existing structure and that contractor confirms that their Third Party Liability policy will respond to damage to the existing structure - Change clause 6.7 and Schedule 3 to Option B to apply (these are clauses in JCT contract).
20. The absence of the above will see the contractors require LBHF to insure our existing buildings in joint names (as it removes subrogation against contractors for damage) and results in very significant increased insurance costs to the project budget.

*Implications verified by Ray Chitty, Head of Insurance, 07739315565*

### **Local Employment and Social Value Implications**

21. The council's 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. The social value assessment in this procurement strategy is in line with the Council requirement.
22. Bidders will be required to register on Social Value Portal to enter social value commitments from H&F Themes Outcomes and Measures (TOMs) framework. The Successful Bidder is responsible for paying the Social Value Portal Management Fee for the term of the Contract.
23. Contract managers will need to work with the councils Social Value Officer to ensure commitments are being effectively monitored and delivered.

*Implications by: Ilaria Agueci, Social Value Officer, tel. 0777 667 2878*

### **List of Appendices:**

- Appendix 1: White City Central – MEP & Energy Engineer procurement strategy
- Appendix 2: White City Central – C&S Engineer procurement strategy