

London Borough of Hammersmith & Fulham

Report to: The Cabinet Member for the Economy

Date: 04/06/2021

Subject: Approval of two Procurement Strategies relating to the Lillie Road Redevelopment

Report of: Tony Clements, Interim Strategic Director of Economy

Report author: Oliver Barker, Development Manager

Summary

This report seeks the approval of two procurement strategies relating to the redevelopment of land at Lillie Road. The procurement of a Design Team and the procurement of a Control Team to enable the redevelopment of the land for the delivery of new homes including genuinely affordable housing.

The first procurement strategy is for the appointment of a multi-disciplinary design team to include a lead architect and other design related services such as principal 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), including 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 multi-disciplinary '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

1. To approve the procurement strategy, attached as Appendix 1, for the appointment of a multi-disciplinary design team to include a lead architect and other design related services such as principal designer, civil and structural engineers, M&E engineers, planning advisers, consultation and energy advisers for the estimated total value of £1,000,000 to allow for the completion of RIBA stage 1 to RIBA stage 3, including some elements of RIBA stage 4 relating to procurement of construction contractor, with an ability to terminate on notice.
2. To approve the procurement strategy, attached as Appendix 2, for the appointment of a multi-disciplinary 'control team' to include project management, cost consultancy, employer's agent and CDM services, for the

estimated total value of £725,000 to cover RIBA stages 1 to 7 with an ability to terminate on notice.

Wards Affected: Fulham Broadway

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.</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 designs that offer both financial savings and high-quality housing.</i>
Taking pride in H&F	<i>The redevelopment will help rejuvenate the area following site clearance 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.

On 2nd November 2020 Cabinet approved an overall budget of £1,802,264 to progress the project up to Stage 2 (Planning) and 3 (Procurement) of the Council's Development Gateway process¹. Further financial implications of the proposed development and its feasibility are addressed in that report.

The estimated maximum total combined cost of these contracts is £1,725,000 so can be accommodated within the approved budget. The rest of the budget will be needed to cover capitalised officer time over the duration of the contracts.

Legal Implications

This report relates to the appointment of the design team and control team in relation to the Lillie Road redevelopment project. The total value of each of the contracts to be let is above the threshold specified in the Public Contracts Regulations 2015 (as

¹ Report to Cabinet on 2 November 2020: "Investment in Affordable Housing and Appropriation of Sites"

amended) (the “PCR”) the appointment of the design team and control team in relation to the Lillie Road development project. The total value of each of the contracts to be let is above the threshold for services contracts, which is currently £189,330, and must therefore be procured in accordance with the PCR. This means either a new procurement competition or the use of a framework agreement. The Contract is classified as a high value contract under the Council’s Contract Standing Orders as it is above the EU threshold for services. All high value contracts are required to:

- have a Service Review Team established to oversee the procurement (CSO 17);
- have a Procurement Strategy reviewed by the Contracts Assurance Board and approved by the relevant decision maker before the procurement process commences (CSO 18);
- have a Tender Appraisal Panel established following approval of the procurement strategy (CSO 19.3)

Further, CSO 19 requires the use of either an existing framework agreement or a contract notice to be published in the Official Journal of the European Union (‘OJEU’) along with an opportunity listing on the Council’s e-tendering portal (capitalEsourcing) and publication of a contract notice on Contracts Finder.

The Procurement Strategy for both teams proposes the use of the Notting Hill Genesis Framework (CF1 and 2 for the Design Team and CF3 for the Control Team) (the “Frameworks”). The Framework Owner has confirmed that the framework was procured in accordance with the EU public procurement rules and the Council falls within the category of permitted users. The Council is therefore permitted to access these Frameworks.

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. The Access Agreement is a standard document and not available for negotiation however entering into it is a prerequisite for the procurement so is in the overall interest of the Council.

In order to ensure value for money is secured Officers are proposing to conduct a mini competition among the framework suppliers. It is important that value for money is considered and evidenced through the procurement process.

The decision maker should be aware that this procurement is being run alongside similar procurements in relation to Mund Street and Farm Lane all using the same framework within the same timescales. Officers are advised to stagger the procurements if time permits to ensure the framework providers have sufficient time to prepare well considered responses.

The framework has internal rules about how to conduct a procurement using the framework and officers will have to follow these rules. In particular the evaluation criteria shall be as set out in the framework with percentage weightings for quality within the range 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 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.

It should be noted that the framework requires the use of its own portal for procurements. This means for the purposes of this procurement Capital E-Sourcing will not be used.

Implications verified/completed by: Sally Stock, Partner, Sharpe Pritchard LLP, on secondment to the Council. sstock@sharpepritchard.co.uk

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Verified by Emily Hill, Director of Finance

Background Papers Used in Preparing This Report

No.	Description of Background Papers	Date
1.	Development Board Report – Gateway 0	25 th February 2020
2.	Cabinet Report – Gateway 1	2 nd November 2020

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The former Lillie Road Nursery site is located on Lillie Road within the ward of Fulham Broadway. The site is owned, maintained and managed by LBHF and after being re-acquired by LBHF in December 2019, it has been identified, in collaboration with the Asset Strategy team and other colleagues, as having regeneration and development potential for the provision of new affordable housing – to support LBHF’s aspirations.
2. To maximise the use and productivity of LBHF’s assets, the site parameters have been widened to include the neighbouring Community Hall premises - which is also owned by LBHF. The additional site area would allow for an uplift in the number of new homes provided, along with the re-provision of a new modern Residents Community Hall on-site.

3. The site was recommended for approval by Cabinet on 2nd November 2020 to progress development proposals which would facilitate the delivery of 45 new homes along with a new Community Hall.
4. The procurement of services outlined in Appendices 1 and 2 are needed to fulfil council's commitment to redevelop the site as quickly and efficiently as possible.

The Design Team Procurement Strategy

5. 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.
6. 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 and the call-off contract will reserve the right to terminate on notice.
7. 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 £1m including stage costs of Principal Designer; Architect/Lead Designer; Engagement Strategy Consultant; Structural Engineer; Services Engineer; and, Landscape Architect.

The Control Team Procurement Strategy

8. 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 Notting Hill Genesis Framework and the call-off contract will reserve the right to terminate on notice.
9. 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 4.
10. The initial estimate for costs for services of the Control Team from RIBA 1 stage to RIBA 7 is estimated at £725,000.

General

11. 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 July 2021 and start on site in March 2022, subject to continued viability.

Options

12. 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

13. On review of these options, each Procurement Strategy recommends the use of a third-party framework for both the Design and Control Teams (Appendix 1) as the preferred option.

Reasons for Decision

14. 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 as quickly and efficiently as possible and in compliance with the requirements contained in the Council's Contract Standing Orders to seek approval for Procurement Strategies.

Equality Implications

15. It is not expected that services to be procured under each strategy and the decision to use an existing Framework 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

16. The proposals are consistent with the council's priority, Being Ruthlessly Financially Efficient, as need has clearly been established and a suitably compliant framework (in case of both appendices) has been identified; which will help ensure procurement of contracts to deliver the best service at the best price.

17. Principal risks to the procurement and mitigations are articulated in section 4 of the Lillie Road Design Team Procurement Strategy and at section 4 of the Lillie Road Control Team Procurement Strategy.

18. 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.

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

List of Appendices:

- Appendix 1. Lillie Road - Design Team Procurement Strategy
- Appendix 2. Lillie Road - Control Team Procurement Strategy

Document Sign Off

Name	Position	Date
Michael Sloniowski	Risk Manager	7/10/2020
Sally Pritchard	Partner (Sharpe Pritchard)	5/11/2020
Firas Al-Sheikh	Head of Housing (Finance)	16/10/2020
Matt Rumble	Strategic Head of Regeneration & Development	5/11/2020