

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Councillor Lisa Homan, Cabinet Member for Housing

Date: 06/02/2022

Subject: Contract Award Report – Asbestos Removals and Remediation Works

Report Author: Richard Buckley, Assistant Director, Resident and Building Safety

Responsible Director: Jonathan Pickstone, Strategic Director for the Economy

SUMMARY

This report seeks approval from the Cabinet Member for Housing to award the contract for Asbestos Removal and Remediation Works to: (i) Cablesheer Asbestos Limited, as the Main Contractor, and (ii) Asbestech Limited, as the Reserve Contractor. This contract will cover repairs and compliance works in relation to housing and schools, but excludes works related to voids and capital/planned works.

RECOMMENDATIONS

That the Cabinet Member for Housing:

1. Agree that all appendices to this report are exempt from disclosure on the grounds that they contain information relating to the financial or business affairs of a particular person (including the authority holding that information) under Paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information;
 2. Approves the award of contract to, Cablesheer Asbestos Limited, as the Main Contractor for delivering Asbestos Removal and Remediation Works. The contract will be for a term of 3 years, 4 months (total cost of initial contract term - £863,963.33) with the option to extend for a further period of up to 24 months (total cost of extended contract term - £1,382,341.33); and
 3. Approves the award of contract to, Asbestech Limited, as the Reserve Contractor for delivering Asbestos Removal and Remediation Works. The contract will be for a term of 3 years, 4 months (total cost of initial contract term - £757,235) with the option to extend for a further period of up to 24 months (total cost of extended contract term - £1,211,576).
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Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The successful contractor will be encouraged to use a local supply chain for the supply of materials and to use local labour where possible.
Creating a compassionate council	Appointing a specialist Asbestos Removal Contractor has been decided after considering every aspect of health and safety to ensure that our residents are at the forefront of our intentions.
Doing things with local residents, not to them	Officers will ensure that residents are involved when developing the programme of works. The suggested approach involves resident engagement prior to works and continuous engagement while on site. The Delivery Team will deal with any queries, etc.
Being ruthlessly financially efficient	The Asbestos Removal procurement was tailored to deliver the best value for money solution and was procured through a competitive tender exercise using the most economically advantageous tender criteria. The tender was evaluated on the basis of quality and price to ensure both, quality standards and value for money are achieved.
Taking pride in H&F	The Council's priority is the safety and welfare of all its residents. Carrying out this project demonstrates the Council's commitment to keep resident homes safe.
Rising to the challenge of the climate and ecological emergency	The contract will support the delivery of programmes of work to increase energy efficiency and reduce carbon output across the Council's housing stock.

Financial Impact

Children's Services

4. Asbestos removal work will be funded by the schools themselves within their delegated revenue and capital budgets where they are minor revenue works or minor capital works which could be contained in the delegated Devolved Formula Capital grant. The requirement for them to do this is laid out in the Scheme for Financing Schools for 2022-23.
5. However, where major capital works are required this would be met within the £1,200,000 schools reactive maintenance budget held by the local authority and approved by Cabinet in September 2021.
6. This is funded from the DfE Schools Condition Allocation grant. There is currently £6,091,846 on the balance sheet and Hammersmith & Fulham will

receive another £502,500 in 2021-22, totalling £6,594,396. The £1,200,000 is to come from this pot.

7. Currently, £125,496 reactive maintenance budget has been committed to in 2021-22, leaving £1,074,504 available.

Implications completed by: Honor Green, Principal Accountant, honor.green@lbhf.gov.uk, 18/01/2022

Implications reviewed by: Tony Burton, Head of Finance Children's Services and Education, tony.burton@lbhf.gov.uk

Housing Revenue Account

8. The annual revenue budget within the HRA for asbestos removal and remedial works in the current year (2021/22) is £200,000. The draft budget for 2022/23 remains at the same level and is expected to be approved by Cabinet on 7 February. The budget is based on the 5-year fixed term contract with the previous contractor, Erith.
9. This contract will cover repairs and compliance works in relation to housing and schools, but excludes works related to voids and capital/planned works (although some works may be capitalisable).
10. The total potential cost of this new contract for the asbestos removal and remedial works for the 3 years and 4 months term including the option to extend for 24 months is £1.382m. This equates to an annual cost of £259,000.
11. The service estimates that the cost of planned works annually may be up to £235,000 (£200,000 HRA and £35,000 Schools) and that a further £24,000 is estimated to be for responsive or unplanned works of a capital nature. These capital costs will be funded from the capital budgets either relating to school or housing sites.
12. Spend will be contained within the approved budget as the Council has control over the volume of works requested and therefore the level of spend. This contract is a price per job-based contract and the contractor is not guaranteed any minimum volume of works.
13. Contractual annual uplifts for inflation are capped at the lower of 3% or Consumer Price Inflation (CPI) (at the end of each contract year) and have been incorporated into the draft budget for 2022/23.
14. The long-term financial plan for the HRA includes an assumption that repairs and maintenance costs will increase as a result of inflation based on CPI of 2%. Current inflationary pressures indicate that this assumption may need revising upwards resulting in further cost pressures in the HRA and the need to find further savings.
15. The annual cost estimate vs budget for Asbestos Removal and Remedial Works on Housing Properties (HRA) and School (GF) is shown below:

- (i) Current year spend on HRA sites on Asbestos Removal and Remedial Works has been slow due to access issues caused by the ongoing pandemic. The revenue spend as at the end of Dec 2021 is £76,000 so there is a forecast underspend on this specific contract. This underspend is currently offsetting the forecast overspend on Long Term Repairs Model contractors' spend on asbestos removal from void properties. The HRA CRM 9 forecast includes an overspend on Asbestos (H78250) of £23,000.
- (ii) Finance officers will work closely with the budget manager to manage works within the agreed revenue budget. Finance officers will also work closely with project officers and quantity surveyors to review the works orders in determining capitalisable costs.
- (iii) Finance officers have advised the service that the procurement discussions must include the need for the potential contractor to provide adequate information (through the Northgate housing management system or otherwise) to enable analysis of the revenue / capital split of costs. It is important that each works order is reflected in Northgate at each stage of progress to enable the correct forecast and accrual for the year end.
- (iv) There is a risk that despite Finance officers' support, the actual cost of works could be higher than budgeted once the work starts on site depending on the condition of the properties. In this case any further progression of works will be subject to identification and approval of additional budget.
- (v) Finance has advised the service that any asbestos removal and remedial works coincide with planned capital works to take advantage of site access and contain costs. It is expected that any associated costs, such as scaffolding and access tools, will form part of the overall contract price.

Implications completed by: Madhav Acharya, Finance Manager, 020 8753 6690, 20/01/2022

Implications verified by: Emily Hill, Director of Finance, 020 8753 3145, 28/01/2022

Legal Implications

- 16. The works of asbestos removal referred to in this report are below the relevant threshold for the Public Contracts Regulations 2015 to apply. The Council is not therefore obliged to follow the advertising and competition requirements set out in those regulations.
- 17. This is a high value contract for the purposes of the Council's Contract Standing Orders. The use of a suitable third party framework complies with CSO 19.1.

Legal Officer name, role title, date signed: John Sharland, Senior solicitor (Contracts and procurement) email john.sharland@lbhf.gov.uk, Tel: 07979 907148

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

18. Following an analysis of options the Council's preferred procurement route was to use existing third-party frameworks. Therefore, the South East Consortium's (SEC) Asbestos Removals and Reinstatement Framework (Tender Reference: OJEU Ref: 2021/S 000 010968) was selected as the preferred option.

Tender Procedure

19. The use of SEC's Asbestos Removals and Reinstatement Framework met the requirements of CSO 19.1 and a mini-competition exercise was run between all the approved suppliers.
20. The Instructions to Tender (ITT) documents were published to all approved suppliers through the Council's e-procurement portal, *capitalEsourcing* on, 23rd November 2021.
21. The closing date for tender submissions was Wednesday, 22nd December 2021 and five (5) tenders were received.
22. The tenders were opened on Thursday, 23rd December 2021.
23. Appendix 1 provides details of the Tender Analysis and results of the tender procedure.
24. In relation to Social Value (SV) the successful contractor has committed to deliver 16.07% SV contribution over the duration of the contract. The highest social value commitments are local supply chain spend including spend with MSMEs and creating local jobs including hiring one full-time employee and hiring employees who are NEETs on a contract basis.

Reasons for Decision

25. The incumbent contractor has informed the Council of their decision to terminate their contract for commercial reasons. Therefore, a new contractor must be appointed along with a reserve contractor as a back-up.
26. The Council is the responsible landlord and has a statutory obligation to carry out removals, remedial works, re-instatement works and encapsulations in accordance with the Control of Asbestos Regulations 2012.

Equality Implications

27. There are no anticipated equality implications through the award of this contract and recommendations outlined in this report.

Risk Management Implications

28. The report recommends the appointment of two contractors following a competitive procurement process; this is in line with the Council objective of being ruthlessly financially efficient. The services being provided through the contract are required to ensure the safety of residents and school users, with steps being taken to ensure that appropriately qualified and experienced contractors are appointed to carry out this work.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 18 January 2022

Climate and Ecological Emergency Implications

29. This contract is a support contract to provide asbestos removal and remediation works as enabling works for the main repairs contracts. Any reinstatement work (for example, replacement of insulation) which would allow improvement against environmental standards will be carried out by the main repairs contractors and would sit outside the scope of this contract. As part of the tender evaluation an assessment of environmental impact was carried out, which considered the impact vehicle fleet in relation to this contract.

Implications verified by: Hinesh Mehta, Strategic Lead – Climate Emergency, 18/01/2022

Procurement implications

30. The results of the evaluation process have been verified against the Final Supplier Ranking in the e-tendering system on 27th January 2022.

Implications completed by: Dominic D'Souza, Commercial Manager, dominic.dsouza@lbhf.gov.uk, 07769 197655, 27/01/2022

Digital Services and Information Management Implications

31. No IT implications are considered to arise from this report as it requests approval to award two contracts to cover repairs and compliance works in relation to housing and schools. Should this change, for example, by requiring new systems to be procured or existing systems to be modified, Digital services should be consulted.
32. IM implications: Cablesheer Asbestos Limited and Asbestech Limited will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training. As the service providers may have access to property data information Data Privacy Impact Assessment(s) should be carried out, and (Cloud) Supplier Security

Questionnaire(s) should be completed, to ensure that all the potential data protection and information security risks around the council's property data are properly assessed with mitigating actions agreed and implemented.

33. The contracts with Cablesheer Asbestos Limited and Asbestech Limited will need to include H&F's data protection and processing schedule if this is not yet the case. This is compliant with Data Protection law (the General Data Protection Regulation (GDPR) 2016; and the Data Protection Act (DPA) 2018).

Implications completed by: Tina Akpogheneta, Strategy Lead, Digital Services, Tel: 020 8753 5748, 19/01/2022

Local Economy and Social Value

34. Cablesheer Asbestos Limited has committed to 16.07% social value commitments. The Social Value Portal evaluated the social value responses, which were reviewed and agreed by the commissioning team. The qualitative submission was scored at 40/100 that indicates that the supplier can deliver on commitments. The highest social value commitments are around local supply chain spend including spend with SMEs and creating local jobs. Evaluations documents are uploaded on the Council's e-tendering portal, to ensure a consistent audit trail.
35. It is recommended the delivery team will work closely with the Council's Social Value Officer and the Contractor to agree on a delivery plan, soon after the award. The winning bidder will be required to set targets on Social Value Portal for effective monitoring and responsible to pay the relevant fee as per the Instruction to Tender document published at the tender stage. It is advisable the Commissioner will work closely with legal to ensure appropriate social value clauses are included in the contract, so that the Council can enforce its right to compensation if social value commitments are not delivered.

Implications completed by: Ilaria Agueci, Social Value Officer, Tel: 0777 667 2878, 24/01/2022

Leasehold Consultation

22. Statutory consultation has not been carried out with leaseholders for this contract.
23. The original asbestos remediation contract was consulted to all leaseholders across the borough. However, there wasn't any spend to leasehold blocks over the first year that triggered the individual £250 major works threshold. This meant that all relevant costs could be recharged under the day-to-day service charge account without formal consultation.
24. If an asbestos scheme is likely to trigger the individual £250 threshold across a block, it may be considered more economical to pull those works out of this contract and consult on them separately. This will mean issuing a Stage 1 Notice of Intention to explain what works the Council intends to do and why

those works are necessary. Recipients will also have an opportunity to nominate the name of an alternative contractor. Once tenders have been obtained, leaseholders will be sent a Stage 2 Landlord's Proposal Notice (Section 20). This will include a detailed description of works, the presentation of at least two bids, and an estimate of the recipient's contribution.

25. If asbestos works form part of a larger package of capital works, these will be consulted separately outside this contract.

Implications completed by: Ciaran Maguire, Major Works Manager, Tel: 07776 672970, 20/01/2022

List of Exempt Appendices:

Appendices	Reference
Appendix 1	Tender Analysis
Appendix 2	Cablesheer's Price Submission
Appendix 3	Asbestech's Price Submission