

London Borough of Hammersmith & Fulham

Report to: Jonathan Pickstone, Strategic Director for the Economy

Date: 18/02/2022

Subject: Appointment of Control Team the Former Queensmill School, Mund Street, W14 9LY

Report of: Matt Rumble, Strategic Head of Development and Regeneration

Report author: Patrick Vincent, Senior Development Manager

SUMMARY

This report seeks approval to appoint a Control Team for the redevelopment of the former Queensmill School, Mund Street. The contract will allow the council to work with residents of Gibbs Green Estate to design new homes and take the project through Gateway 2 (Planning) to Gateway 5 (Post Completion) of the Council's Development Gateway process. The budget for this commission has previously been approved at Cabinet on 2 November 2020 for up to £1.3m.

The former Queensmill School, Mund Street, is on the Gibbs Green Estate, in the North End ward. The School site is no longer required as part of the education estate and, it has subsequently been approved for redevelopment. The redevelopment of the site will provide up to circa 104 high quality new homes, at least 50% of which will be genuinely affordable.

As per the Council's Standing Orders officers are seeking approval from the Strategic Director for the Economy in consultation with the Cabinet Member for the Economy to appoint the winning bidder of the Control Team tender for the Mund Street scheme, following a compliant procurement.

RECOMMENDATIONS

That the Strategic Director for the Economy:

1. Approves that Appendices 1 & 2 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that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. Approves the appointment of *Arcadis* as the 'Control Team' for the Mund Street scheme, to provide services outlined in the ITQ for the value of £486,537. *Arcadis* have been procured via Notting Hill Genesis Housing Framework 'CF3' for Gateways 2- 5 of the Council's Development Gateway process, (RIBA

Stages 2 – 7). The contract will commence on or around the middle of February 2022 with an indicative duration of 48 months to ‘Practical Completion’.

Wards Affected: *North End*

Our Values	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 project work.
Creating a compassionate council	The Control Team will assist on a comprehensive public consultation on the proposals to provide modern and quality homes.
Doing things with local 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
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 scheme.
Taking pride in H&F	The brief to the Control Team encourages a quality addition to the borough 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.
Rising to the challenge of the climate and ecological emergency	The Control Team will lead on exploring and delivering sustainable design and development, in line with LBHF Sustainability Requirements.

Financial Impact

1. In November 2020, Cabinet approved officers to utilise up to £1.3m of the overall approved budget of £3,234,123 to progress the Mund street project up to Stage 2 (Planning) and 3 (Procurement) of the Council’s Development Gateway process. The redevelopment of land will enable the delivery of new homes including genuinely affordable housing and support the Council’s business Plan.

2. Mund Street Development Capital Budget - approved by November 2020 Cabinet:

Budget breakdown	Amount (£)
Total Approved Budget	3,234,123

3. On 29th July 2021, the Acting Strategic Director for the Economy approved the drawdown of the remaining approved budget of £1,439,123. Thereby bringing the overall approved budget to £3,234,123, which is sufficient to fully fund the recommended contract of £486,537 with Arcadis.
4. The remaining total approved budget of £2,163,791 (£3,234,123 - £486,537= £2,747,586) will fund project costs including the Design Team contract, which is estimated to be £1,070,332 (up to LBHF Gateway 3, RIBA Stage 4), LBHF capitalised staff costs and surveys. £100,835 of this has already been either spent or committed.
5. The scheme will be regularly reviewed in terms of costs and viability. There are break clauses in place in all contracts with proposed members of the integrated project team and therefore should the decision not proceed beyond a Gateway Stage, expenditure is limited to only costs incurred to that date.

Contract award

6. The total Control Team contract value of £486,537 is within the estimate stated within the Procurement strategy approved in June 2021. This adheres to the Council's Contract Standing Orders (CSOs).
7. Arcadis shall not commence a RIBA stage without being instructed to do so by the Council, and accordingly if Arcadis' engagement is terminated at the end of a RIBA stage only those payments properly due for the completed RIBA stages will be payable and no further payments for future stages or demobilisation costs shall be payable to Arcadis. The Development Board will monitor and agree progress through these gateways to manage, as far as possible, the risk of abortive costs.
8. The consultant 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.
9. Additional financial comments are provided in Appendix 2 (exempt from publication).

Implications by Nicholas Falcone, SLT Finance Trainee (Economy). Verified by Andy Lord, Head of Strategic Planning and Monitoring, date signed: 25/01/22.

Legal Implications

10. This Award Report recommends awarding a contract for £486,537 to Arcadis, as head of the Control Team for the Mund Street scheme with sub-consultants being appointed under the same contract. At the time of going out to procurement, the estimated value of the contract was above the threshold specified in the Public Contracts Regulations 2015 (as amended) (the “PCR”) for services contracts, which is currently £189,330 and therefore the procurement had to comply with Part 2 of the PCR. The Council fulfilled that requirement by carrying out a mini-competition under the Notting Hill Housing Consultants Framework CF3. Arcadis achieved the highest score and is the most economically advantageous tender. In order to ensure that the Framework is compliant, a copy should be obtained.
11. Once the decision is made to approve the award, the Council must publish a contract award notice on Contracts Finder containing at least the name of the contractor, the date on which the contract was entered into, the value of the contract and whether the contractor is an SME or BSCE (reg.112(1) PCR). The form of the contract is prescribed by the Framework.
12. The contract is a High Value Contract (HVC) under the Council’s Contract Standing Orders. The CSOs permit HVCs to be procured via a framework and therefore the process that has been followed is compliant. As the contract is a capital contract, the relevant decision maker for the award is the SLT Member in consultation with the Cabinet Member. All contracts with a value of £100,000 or more must be executed as deeds and sealed by the Council.
13. As the award report concerns the award of a contract in excess of £300,000 in value it is a Key Decision (see Article 12 of the Constitution) and must be submitted to Committee Services for publication on the Council’s website.
14. Social Value will be built into the contract documents in accordance with the mini-competition.

Legal implications verified by Joginder Bola, Senior Solicitor, date signed: 25/01/22

Background Papers Used in Preparing This Report (published)

Cabinet Report Mund Street – 2 November 2020

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The Integrated Project Team is made up of the Control Team alongside the Design Team. The multidisciplinary Control Team includes project management, cost consultancy, employer's agent, sustainability consultancy and Construction Design and Management (CDM) services.
2. Together the Integrated Project Team will enable appropriate management of cost risk and support LBHF in 'Being Ruthlessly Financially Efficient'.
3. To note that Gateway 2 (Planning) and 3 (Procurement) of the Council's Development Gateway process and RIBA Stages 2 – 4 A are due to commence in February 2022 and are expected to conclude in Summer 2023. Feasibility studies at RIBA Stage 1 have shown that the scheme will be able to provide up to 104 new homes.

Procurement Process

4. Officers have carried out a mini-competition using the Notting Hill Housing Consultants Framework, CF3. The Council's CapitalSourcing portal was used (Tender Ref ITT_14316). Under the Notting Hill Housing Framework rules, the Frameworks Capability Matrix was used to select the five bidders best matched to meet the Council's requirements, these five were invited to receive the Council's invitation to tender.
5. The Consultants 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)
Project Manager	RIBA stages 2 to stage 7
Employers Agent	RIBA stages 2 to stage 7
Quantity Surveyor	RIBA stages 2 to stage 7
Principal Designer/CDM Advisor	RIBA stages 2 to stage 7
Client Sustainability Consultant	RIBA stages 2 to stage 7

6. In assessing the Control Team tenders, and as set out in the 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.
7. The technical review was based on the criteria set out in the NHH framework, being:
 - Project Delivery
 - Approach to Collaboration & the Proposed Project Programme
 - Resource Proposals, Management Structure and Sub-Contractor Arrangements

- Project Risks & Mitigation
- Communication and Stakeholder Engagement
- Health & Safety
- Social Value

Evaluation of Tenders

8. Officers from the Economy Department carried out an evaluation of the merits of the single tender received. Details of the evaluation and fees for the individual stages are contained in the exempt Appendix 1.

	Arcadis
Technical Envelope (60%)	
Total out of 100%	85.14%
Commercial Envelope (40%)	
Total out of 100%	100%
Final Combined Total out of 100% (Ranking)	91.1% (1)

9. Arcadis scored *51% out of 60%* on the technical envelope, and *40% out of 40%* on the commercial envelope. Arcadis and their sub consultants have strong experience of coordinating the development of high-quality sustainable homes, utilising modern methods of construction, consulting with stakeholders and communities and delivering residential developments.
10. During the tender process several invited suppliers withdrew from the process due to resourcing clashes. While this left us with a single valid tender to evaluate at the end of the procurement, officers confirmed with legal and procurement colleagues that the tender process remained valid with one supplier.
11. Officers evaluated the resourcing schedule provided by Arcadis which committed 906 days to the project (RIBA Stage 2-7), officers compared this to similar sized projects and believe this to be proportionate to the requirements for this project.
12. Social value scores were evaluated and produced by the Social Value Portal. Arcadis produced a total proxy social value of £59,164 and *100% out of 100%* on the social value methodology. Arcadis achieved *100% out of 100%* for their combined score.

13. Included within their Social Value Proposals, Arcadis have committed to the appointment of two apprentices with 52 weeks dedicated to the Mund Street project, along with support to get local young people into work facilitated by sessions at schools and colleges within LBHF. Additionally, sub-consultant Max Fordham have committed 15 hours of expert advice to assist local VCSEs and MSMEs in achieving net zero carbon by 2030.

Reasons for Decision

14. The appointment of the Control Team will enable the Council to design proposals for a viable and deliverable planning application enabling the final business case for the project to be determined.
15. The fees are within the budgeted value for the Control Team for Gateways 2 – 5 of the Council's Development Gateway process (RIBA Stages 2 to 7).

Equality Implications

16. 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.

Risk Management Implications

17. 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 Ray Chitty, Head of Insurance, date signed: 25/01/22.

Climate and Ecological Emergency Implications

18. On 17th July 2019 LBHF declared a climate emergency, pledging to cut CO2 emissions from the Council's activities to net zero by 2030. The contract award is recommended on the basis that the Control Team will endeavour to pursue and coordinate a net-zero design for construction and operations. The project team will prioritise a zero-carbon development, subject to financial viability and internal approval, targeting the long-term efficiency of new homes provided along with the generation of renewable energy.
19. The LBHF development team have engaged with the Control Team in order to enhance the sustainability of the development, and the Control Team have allowed for the extra services required for this. The current proposals allow for traditional/classic Passivhaus design which would result in an airtight building,

with superior insulation and windows. As a result, the properties would need about 75% less energy to heat vs an average new build. The development is also suitable for 'car free' proposals due to the high PTAL rating of the site, proposals are also inclusive of bike storage, to allow for alternative means of transport.

20. All of the proposals are subject to financial viability, design and suitability.

Implications verified by Robert Kyle (Project Manager) 07585 063 045, Approved by Hinesh Mehta (Strategic Lead – Climate Emergency), date signed: 25/01/22.

Procurement

21. The results of the evaluation process have been verified against the e-tendering system (Tender Ref ITT_14316).

Implications completed by Elliot Tyrell, Governance and Procurement Officer, date signed: 25/01/2022.

Local Economy and Social Value Implications

22. The winning bidder committed to 12% of social value out of their contract value, in line with the Social Value Strategy. Highest commitments are to create employment and skills for local residents. Social Value Portal evaluated the social value responses and the qualitative submission was scored at 100/100, the commissioner reviewed the final scores.

23. It is recommended the project lead will work closely with H&F Social Value Officer and the contractor to agree on a delivery plan. 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, date signed: 19/01/2022

Consultation

24. The Control Team will work closely with residents and co-produce any scheme brought forward. A community consultation strategy will be 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 design 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-19 related guidance in relation to public engagement activities.

List of Appendices:

Exempt Appendix 1 – Mund Street Control Teams Score (not for publication).

Exempt Appendix 2 – Mund Street Control Team Financial Comments and ‘Climate Response Budget’ (not for publication).