

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Councillor Frances Umeh, Cabinet Member for Housing and Homelessness

**Date:** 13/01/22

**Subject:** Award of contracts for the major refurbishment of Becklow Gardens estate and Emlyn Gardens Estate

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

**Responsible Director:** Jon Pickstone, Strategic Director for Economy

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### SUMMARY

This report seeks approval to award two separate contracts for the major refurbishment of Becklow Gardens estate W12 and Emlyn Gardens estate W12. These are projects which the Council has committed to deliver as part of the HRA Asset Management Capital Strategy approved at September 2021 Cabinet.

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### RECOMMENDATIONS

1. To note that Appendices 1-3 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that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 the Cabinet Member for Housing and Homelessness approves the appointment of Axis Europe PLC via the South East Consortium Internal and External Works Framework Lot 1b (Major Refurbishment over £1m) ("SEC Framework"), to undertake major refurbishment works to the Becklow Gardens estate W12 for a sum of £5,980,916.27. The project is expected to start on site on 20 February 2023 with an estimated completion date of 11 December 2023.
3. That the Cabinet Member for Housing and Homelessness approves the appointment of Axis Europe PLC via the South East Consortium Internal and External Works Framework Lot 1b (Major Refurbishment over £1m) ("SEC Framework"), to undertake major refurbishment works to the Emlyn Gardens estate W12 for a sum of £5,125,627.07. The project is expected to be to start on site on 20 February 2023 with an estimated completion date of 11 December 2023.
4. That the Cabinet Member for Housing and Homelessness approves the contingency sums detailed in exempt Appendix 3 to deal with any unforeseen works that may arise during the delivery of each project.

5. That the Cabinet Member for Housing and Homelessness notes that the formal award of the contracts will not be made until completion of consultation with affected leaseholders under Section 20 of the Landlord and Tenant Act 1985.

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**Wards Affected:** Coningham, Wendell Park

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	The proposed works will improve and maintain the standard of council homes, thus supporting the council in its strategic function as a social housing landlord of providing the opportunity of a decent home to its residents. Housing is a prime influence on quality of life, life expectancy, opportunities for work, education, leisure etc. It is critical to economic development, educational achievement, public health, and community cohesion.
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 fully consulted during the preparation of schemes, and this will continue through to progression to site, and final delivery. The consultation will continue post-award to include site set-up arrangements and further information on the delivery stage. Residents will be balloted to confirm preferred door styles and communal redecorations.
Being ruthlessly financially efficient	Each project has been competitively tendered and will be awarded on the basis of most economically advantageous tender. 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.

<p>Rising to the challenge of the climate and ecological emergency</p>	<p>New or additional insulation to roofspaces is included in the specifications to meet maximum U-values in accordance with current building regulations. The project also includes the installation of LED lighting to all communal areas on each estate. 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. New windows and balcony doors to be installed at Becklow Gardens will be A-rated double-glazed units. New front entrance doors across both estates will comply with current energy efficiency standards.</p>
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## Financial Impact

The Becklow Gardens and Emlyn Gardens projects currently have funding allocated from the Structural Works Contingency budget (£4.7m and £5m respectively).

The service has advised that the budget shortfall for each scheme can be met from the Blocks and Houses budget of **£2.250m** (windows replacement) within the Major Refurbishment Scheme. This is sufficient for the additional £1.281m for Becklow and £0.126m for Emlyn, as well as the contract contingency detailed in Appendix 3.

A Credit Safe Report was run on Axis Europe PLC on 02/12/2022 which provided a risk score of 90, well above LBHF's minimum requirements of 50 and also an annual contract limit of £43m which is sufficient to accommodate both contracts detailed in this report.

The total estimated charges to leaseholders based on the recommended contract sum plus contingency and internal management fees is £1.667m at Becklow Gardens and £1.395m at Emlyn Gardens.

*Implications prepared by: Llywelyn Jonas, Principal Accountant – Housing Capital, 07776672756*

*Verified by Danny Rochford, Head of Finance, and Sukvinder Kalsi, Director of Finance, 14/12/22*

## Legal Implications

The Council has a duty to maintain its housing stock as part of its functions as a local housing authority under the Housing Act 1985. It therefore has the legal power to undertake these works of refurbishment.

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The value of the contract for the works at Becklow Gardens means that it is a “public works contract” for the purposes of the Public Contracts Regulations 2015 (PCR) since it is above the relevant threshold (£5,336,937.00). The Council is therefore obliged to procure the works in accordance with the advertising and competition requirements set out in the PCR. Although the works at Emlyn Gardens are slightly below the relevant threshold the best approach to procurement was to adopt the same process as for an above threshold procurement.

The procedure followed was a mini-competition under the South-East Consortium framework agreement. The framework was let under the PCR and the Council is permitted to call-off contracts under the terms of the agreement. The requirements of the PCR have therefore been met.

These are high value contracts for the purposes of the Council’s Contract Standing Orders. The use of a suitable framework agreement is a compliant method of procuring contracts of this value and the SEC framework is suitable for this purpose. The procurement has therefore been undertaken in accordance with CSO 18.

Some of the works will be undertaken to properties belonging to leaseholders. In order to be able to recharge the owners the Council needs to undertake the process of consultation as required by the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003. This is detailed in paragraph 27 below and will need to be done and observations considered before the contracts are signed.

The award of these contracts is a “key decision” for the purposes of Article 12.3 of the Council’s constitution. As required, the relevant details of the proposed award were advertised on the Council’s website on 15 November 2022.

John Sharland, Senior solicitor (Contracts and procurement)  
Dated 29 November 2022

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

**NONE**

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## **DETAILED ANALYSIS**

### **Reasons for Decision**

1. This project is one which the Council has committed to deliver as part of the HRA Asset Management Capital Strategy approved at September 2021 Cabinet.
2. The decision above is required to appoint the successful contractor to carry out the works required in these buildings.

### **Property**

3. Becklow Gardens estate is situated off the Askew Road on land acquired in 1938 and provides 247 homes in five five-storey and one six-storey block. The estate is in the Hammersmith North housing area and Coningham ward. Emlyn Gardens estate was also built in the 1930's and provides 246 homes in twelve five-storey deck access blocks. The estate is in the Hammersmith North housing area and Wendell Park ward.

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

4. A Business Case and Procurement Strategy for the refurbishment of each estate was approved at November 2020 Cabinet. A subsequent feasibility study was undertaken to consider additional energy efficiency works, specifically the installation of a proprietary insulation system to the external walls. Ultimately this was not a feasible option as costs were prohibitive and, even if costs could have been reduced, the necessary alterations would not have complied with the Council's own planning policy. Nonetheless, the specification has been amended to include new or improved insulation of the roof spaces on both estates and the need for window replacement at Becklow Gardens has been confirmed. These measures, along with the provision of LED lighting to common parts, will contribute to the council's zero carbon target.
5. The works need to be undertaken to maintain a satisfactory standard to the external fabric and communal parts of the buildings, ensuring homes are safe, warm and weathertight and in good decorative order.
6. The proposed works consist of structural and concrete repairs to private balconies and public walkways, new FD30 front entrance doors, new windows and balcony doors to Becklow Gardens, pitched roof repairs and improved insulation generally, new flat roof covering to Block G Becklow Gardens, 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.

### **Tender Process**

7. In accordance with the approved strategy, 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).
8. The invitations to tender for each opportunity were published on the CapitalEsourcing portal on 31 August 2022 with an original closing date for receipt of tenders of 12 October 2022, extended to 21<sup>st</sup> October 2022. Tender submissions were received from four suppliers for each opportunity.
9. The tender appraisal panels 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.

10. The tables below set out the scores achieved by each supplier as assessed by the evaluation panel. Further scoring information is provided at exempt Appendix 1.

Supplier	Value of Tender	Weighted Price Score	Price Rank	Weighted Quality Score	Quality Rank	Total Weighted Score	Overall Ranking
Axis Europe PLC	£5,980,916.27	40.00	1st	52.80	1st	92.80	1st
Supplier 2	£7,097,969.57	33.71	3rd	41.70	2nd	75.41	2nd
Supplier 3	£6,989,176.00	34.23	2nd	37.86	3rd	72.09	3rd
Supplier 4	£7,252,142.87	32.99	4th	36.96	4th	69.95	4th

Supplier	Value of Tender	Weighted Price Score	Price Rank	Weighted Quality Score	Quality Rank	Total Weighted Score	Overall Ranking
Axis Europe PLC	£5,125,623.07	40.00	1st	52.80	1st	92.80	1st
Supplier 2	£5,694,361.89	36.01	3rd	41.70	2nd	77.71	2nd
Supplier 3	£5,421,088.00	37.82	2nd	37.86	3rd	75.68	3rd
Supplier 4	£6,173,666.22	33.21	4th	37.26	4th	70.47	4th

11. Based on the evaluation process carried out in accordance with the approved procurement strategy and Invitation to Tender, officers therefore recommend acceptance of the tenders submitted by Axis Europe PLC for each opportunity.

### **Equality Implications**

12. 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.

### **Risk Management Implications**

13. A risk register will be maintained by the contract administrator for each project with appropriate contingency measures in place for any identified risks. Robust project controls and monitoring will be maintained throughout the programme of works to ensure timely delivery, within the financial envelope and to the quality standards specified. Each project has been tendered via a competitive procedure which will help to demonstrate that value for money is secured through the project, which is in line with council objective of being ruthlessly financially efficient.

*Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance 8 December 2022*

### **Climate and Ecological Emergency Implications**

14. The scheme includes the replacement of existing block lighting with LED in line with the Council's current boroughwide specification. The energy savings gained from conversion of old CFL lighting to new LED represents 60% saving in energy consumption and 80% annual lamp maintenance costs.
15. Windows and balcony doors to all six blocks on Becklow Gardens will be replaced with A-rated double-glazed units. Front entrance doors across both estates will conform with current building regulations for maximum U-values.
16. The insulation in roofspaces across the estates varies from block to block with none present in many cases and capacity for top-ups elsewhere. The specification allows for A1 rated encapsulated insulation between or over all roof joists which will significantly improved energy efficiency in top floor flats.
17. The measures above will combine to improve the energy efficiency of and contribute towards the council's net zero ambitions. Further decarbonisation of the estates, including improvements to heating systems, will be planned for through the overarching council housing retrofit plan currently in development. The retrofit plan is expected to be completed in 2023.
18. *Implications verified by: Jim Cunningham, Climate Policy & Strategy Lead, 6 December 2022*

## **Local Economy and Social Value Implications**

19. The social value offer on each contract has been evaluated by the Head of Procurement and the Social Value Portal. Axis Europe have committed to social value above the council's minimum 10% threshold. The social value offer is primarily focused on the use of local suppliers and the creation of local employment opportunities. There are also commitments to support various community initiatives.
20. Appropriate social value clauses are included in the contract (schedule 11 of the LBH&F standard contract to be added to the framework agreement), so that the Council can enforce its right to remedy if social value commitments are not delivered.

*David von Ackerman – Head of Procurement – 8-12-22*

## **Procurement implications**

21. The Procurement was run compliant with the Public Contract Regulations 2015, specifically relating to Reg 33 Frameworks.
22. The results of the evaluation process have been verified against the e-tendering system by the report author and available for verification.

*David von Ackerman – Head of Procurement – 8-12-22*

## Digital Services Implications

23. IT Implications: No direct IT implications are considered to arise from this report as it seeks approval to award two separate contracts for the major refurbishment of Becklow Gardens estate W12 and Emlyn Gardens estate W12. Should this not be the case, for example, by requiring new systems to be procured or existing systems to be modified, 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. Axis Europe PLC and any other 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 completed by: Information Management Team & Pierre Rogier, Strategic Relationship Manager, Digital Services, tel. 07391 734087*

## 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. Leaseholders have been notified in accordance with statutory consultation legislation. Notices of intent were sent out on 11 March 2022 and expired 15 April 2022. The Notices of Estimate were issued 5 December 2022 with the consultation period expiring 9 January 2023. The contract will not be issued until expiry of the Section 20 notice period and the satisfactory conclusion of any observations received.
29. As of 28 November 2022, a total of 66 properties have been sold under right to buy legislation on the Becklow Gardens estate and a further 66 on Emlyn Gardens estate. There are nine applications currently pending across both estates.
30. The total estimated charges to leaseholders based on the recommended contract sum plus contingency and internal management fees is £1.667m at Becklow Gardens and £1.395m at Emlyn Gardens. Further details are shown in Appendix 2.

31. Officers have explained that the Council offers a range of repayment options to leaseholders with extended interest free periods for those facing higher bills.

#### **LIST OF APPENDICES - EXEMPT**

- Appendix 1: Details of tender analyses for each project
- Appendix 2: Details of estimated leaseholder recharges
- Appendix 3: Risk Register Contingency Amounts