

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Councillor Andrew Jones, Cabinet Member for the Economy

Date: 01/02/2023

Subject: Approval of the Procurement Strategy for the repair and replacement of roof works at 2 locations (Macbeth Centre and Fulham Central Library)

Report author: Anthony Baafi, Project Manager

Responsible Director: Strategic Director for the Economy, Jon Pickstone

SUMMARY

This report seeks approval of the Procurement Strategy for the repair and replacement of roofing membranes at the 2 locations identified in Appendix 1

This project, which the Council committed to deliver as part of the Capital Planned Maintenance Programme in the financial year 2022/2023 and was approved by Cabinet, will now be completed during the financial year 2023/2024.

RECOMMENDATIONS

1. That the information set out in Schedule 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that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. To approve the Procurement Strategy, attached at Appendix 1, for the procurement of a single contractor, through the open procedure tender exercise to undertake the repair and replacement roofing works for a period of six months at the following sites:
 - a) Macbeth Centre - Macbeth Street, Hammersmith, W6 9JJ
 - b) Fulham Central Library - 598 Fulham Road, Fulham, SW6 5NX
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Wards Affected: Hammersmith Broadway, Fulham Reach, College Park & Old Oak and Town

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The procurement strategy will require the supplier to demonstrate their commitment to social value including how they can support local businesses.
Creating a compassionate council	The importance of providing disabled

	access to all users and staff is to be ensured as well as ensuring all works are carried out diligently and carefully
Doing things with local residents, not to them	Residents and stakeholders near the locations will be consulted where this is viable to ensure repair and replacement roof work is carried out without causing undue noise and disruption and to meet any specific needs.
Being ruthlessly financially efficient	The Capital e-Sourcing portal will enable the assessment and weighting of the most cost-effective bids for the selection of the contractor who is able to demonstrate that they can complete the projects within the timeframes in a cost-efficient manner as set out in the procurement strategy.
Taking pride in H&F	Contractor will be required to give details of its approach to energy consumption, use of sustainable materials, transport plan, site waste management, and noise pollution
Rising to the challenge of the climate and ecological emergency	It will be encouraged as part of the tender process to reduce carbon emissions as much as possible and to use materials that are obtained from an accredited source and using local labour resources wherever possible

Financial Impact

The cost of the works will be funded from the Capital Planned Maintenance Programme (CPMP) within this financial year -2022/2023

In the 22-23 CPMP there is £2m allocated to the projects at Fulham Library and Macbeth Centres. These works have not yet commenced, and the capital budget allocation will be slipped into 23-24 and built within the 23-24 CPMP directors decision paper. The estimated spend is set out in Schedule 1 based on a procurement strategy approved in 2020.

Completed by: Will Stevens, Finance Manager (ECO), 24/01/23

Verified by: Danny Rochford, Head of Finance (Economy & HRA), 25/1/23

Legal Implications

The Council has power to undertake these works as they are incidental to the functions undertaken from these buildings.

The estimated value of the contract is below the threshold for the Public Contracts Regulations 2015 to apply. There are therefore no statutory requirements governing the procurement.

This is a high value contract for the purposes of the Council's Contract Standing Orders. The proposed procurement strategy is to carry out an open competition which is one of the means of procurement allowed for under the CSOs for procurements of this value. The requirements of CSO 18 will therefore be complied with.

As the estimated value of the contract is above £300,000 the procurement strategy report is a Key Decision and will need to be submitted for publication on the Council's website.

John Sharland, Senior solicitor (Contracts and procurement) Dated 23 January 2023

Background Papers Used in Preparing This Report - None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The proposals and analysis of options are set out in Appendix 1. Works need to be undertaken to repair and replace roof membranes at the 2 locations as outlined below.

Properties

2. The 2 locations are:

Macbeth Centre is a 19th century complex of Victorian building at Macbeth Street, Hammersmith, W6 9JJ. The facility comprises three buildings: main building, annex, and workshop. It is not a listed building, but it is a building that appears in the list of buildings of merit as set out by the London Borough of Hammersmith and Fulham. Constructed using load bearing brick, the Macbeth Centre Main Building has a relatively complex roof plan with pitched roofs and flat roof sections consisting of natural Welsh slate and clay decorative ridges and felt respectively.

Fulham Library is a Grade II listed building at 598 Fulham Road, Fulham, London. It was built in 1908, and the Building Surveyor was Henry Hare. Located at 598 Fulham Road, Fulham, SW6 5NX. The library consists of a 2-storey, traditionally constructed building with one sub-level. The walls are formed with brick, and it has several roofs of differing construction styles comprising both a mansard and flat roof, clad with slate and asphalt respectively.

Proposed Works

3. Several roofs are reaching the end of their useful life and liable to suffer continual failures until upgraded / overhauled. In the case of the pitched roofs this means stripping off the roof coverings and re-fixing them. The flat roofs where tested were found to have dry substrates which indicates that these roofs can be overlaid with a new waterproof membrane.
4. The proposed works are to repair and replace the roof membranes at these 2 locations with a method of application of works against the prescribed specification as detailed in the recommendations by the appointed specialist and accredited Architect and/or Building Surveyor.

Reasons for Decision

5. These projects are one which the Council has committed to deliver as part of the Capital Planned Maintenance Programme approved by Cabinet in September 2019. The development of the programme has been guided by the principles of that strategy and the priorities were agreed by the Economy Department's Capital Board, chaired by the Assistant Director of Economy in May 2020. The roofs have suffered a significant degree of deterioration over recent years as they have not been maintained to an acceptable standard, making it susceptible to further damage, if remedial actions are not implemented.
6. The decision is required to run an open tender procedure using our e-tendering portal. The advantage of Open Tender is all qualified bidders are invited to participate. Having a project available to all contractors increases the likelihood of finding new promising contractors who can meet our cost-to-quality-to-time ratio. Open tenders also offer a wider range of possibilities, allowing the project's composition to be more varied. This will benefit us in terms of obtaining good value for money. This will allow a suitable contractor, who has the required experience gained on similar projects, to be appointed and to ensure the overall programme is achieved. Contractors will need to demonstrate previous roof work carried out and show experience of working in a live environment.

Risk Management Implications

In order to ensure adequate insurance arrangements are in place for the proposed works, early consultation pre-tender with the insurance service will need to take place. Assuming JCT or similar will need to be Option C with LBHF ensuring existing structures in sole name not joint to protect recovery against contractors.

Ray Chitty, Head of Insurance, 23rd January 2023

Climate and Ecological Emergency Implications

1. The Climate and Ecological implications are positively associated with the procurement for the repair and replacement of roof works at 2 locations (Macbeth Centre, Annexe and Fulham Central Library). The program will ensure the watertightness of the building, leading to a reduction in heat loss and improvement in the building's EPC ratings (Forecasted reduction from "B" to

“A”). This should also be further reduction of about 10% or 15% in energy consumption depending on the specified material and thickness. The programme contributes positively to the management of property, environmental risk and maintaining our statutory environmental compliance.

2. Other measures were considered in the repair and replacement program such as solar panels, bio solar roof, etc, however they will be considered as phase 2 of this program.
3. Demolition/disposal of the existing roof, transport and machinery used for the works, and any associated travel shall remain the responsibility of contractor, who will be required to submit a method statement for approval, delineating the strategy essential to contributing positively to the management of carbon management and environmental compliance.

These implications must be drafted by the report author and approved with Hinesh Mehta. 25.01.2023

LOCAL BUSINESS AND SOCIAL VALUE

It is a requirement that all contracts awarded by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract. These commitments must amount to at least 10% in value of the price of the contract proposed. In addition, the evaluation of social value should account for a weighting of a minimum of 10% of the overall score.

The table in paragraph 7 in Appendix 1 describes how the quality of the method statements to deliver social value will be evaluated. In addition to this, the bidders should be asked to select pre-defined social values from the council's social value "TOMs" matrix. Together, the scores for these should account for the 25% weighting of the Quality score allocation stated in the table in Appendix 1. This equates to 10% of the overall score.

It is advised that the commissioner works closely with Legal Services to ensure appropriate social value clauses are included in the contract so that the council can enforce remedies if social value commitments are not delivered.

Paul Clarke, Social Value Officer, 26 January 2023

LIST OF APPENDICES

Appendix 1 – Procurement Strategy – Contract for Repair and Replacement of Roofs at 4 locations

APPENDIX 1

Procurement strategy - Contract for Repair and Replacement of Roof membranes at 2 locations

1. PROCUREMENT SCOPE – WHY THE PROCUREMENT IS NEEDED

The buildings vary in size and geographical location and have suffered a degree of degradation and water penetration, resulting in damage to many areas both externally and internally. They now require a much-needed program of improvement to improve their longevity and ensure it provides watertight buildings to prevent any further damage.

It is not envisaged this procurement and subsequent contract will have other policy objectives to deliver or contribute towards.

2. MARKET ANALYSIS

2.1 The current market post Covid-19 environment is considered very uncertain. Soaring inflation across the country has exacerbated construction supply chain disruptions. Already, inflationary pressures have caused a surge in energy prices, which, in turn, could lead material prices—particularly those in energy-intensive sectors like steel, cement and concrete—to rise even further. Those working during this period must adhere strong project planning principles and financial management.

2.2 Whilst the UK has ended COVID-19 restrictions, the pandemic continues to be a point of concern for the construction sector and the overall economy. According to data from the Office for National Statistics, an estimated one in every 50 people in England (around 1.13 million people) were thought to have had COVID-19. There's also no telling whether new variants, like Omicron, will lead to another surge in cases. In the interim, construction businesses will have to pay close attention to government guidance and take steps to maintain good hygiene in the workplace and job sites.

3. PROCUREMENT ROUTE OPTIONS AND CONSIDERATIONS

3.1 In reviewing the route to the market, the following options were reviewed:

- **Option 1: Do nothing**

This option will result in the continuing deterioration and decline in the quality and standard of the 2 buildings. Several roofs are reaching the end of their useful life and liable to suffer continual failures until upgraded / overhauled. In the case of the pitched roofs this means stripping off the roof coverings and re-fixing them. The flat roofs where tested were found to have dry substrates which indicates that these roofs can be overlaid with a new waterproof membrane. A preventive planned maintenance regime will provide a small degree of assurance but will not address keys elements of repair and replacement that is needed to the roof membranes. Therefore, this is not an option.

- **Option 2: Open Procedure Tender (Preferred Option)**

This is the preferred option because it would allow the Council to open the competition to the entire market. It is a one-stage procurement process which covers exclusion grounds, selection criteria and award criteria. An Open procedure means that any organisation can respond to the advertised Contract Notice, request/download the procurement documents, and submit a tender. All tenders must be evaluated in line with the methodology and criteria set out in the procurement documents.

Minimum standards will be included as part of qualification envelope. This option is to be recommended as it will be open to contractors from a wider network than if the Council were to tender via the restricted procedure or award off a framework or DPS.

- **Option 3: Restricted Procedure Tender**

This is similar to Option 2, in that it would also open competition to the market, but with a pre-qualification stage when unsuitable tenderers are eliminated. This option restricts the number of organizations invited to tender (making the tender evaluation more manageable). It enables a detailed election assessment (i.e., Stage one of the procedure). Lastly it helps improve the quality of bids (due to the fact there is an increased chance of a bidder being successful and the contracting authority has selected their shortlist of “pre-qualified” suppliers). This option is not to be considered as even though it is a two-stage process, with speculative SQ’s being submitted because the full tender documentation may be unavailable at the Selection stage. It also offers increased timescales, requires added resource cost and potentially unnecessary burden for suppliers (making the contract opportunity appear unattractive to some). Lastly there is no opportunity to discuss / refine bids

- **Option 4: Deliver by Dynamic Purchasing System**

A DPS is like a framework agreement except that unlike a framework agreement it remains open, and contractors can be added to the DPS at any time over the life of the DPS. Contractors have already pre-qualified to join the DPS by demonstrating that they have the necessary skills and resources to join the DPS. Value for money can be demonstrated by running an e-auction amongst appointed DPS Contractors. However, this option would restrict competition to a pool of shortlisted contractors, hence, this option is not preferred.

4. RISK ASSESSMENT AND PROPOSED MITIGATIONS

	Possible Impact	Rating	Mitigation
Market under post Covid-19 conditions dampen the interest from potential suppliers	Delayed delivery of the project	Low	Engage with local contractors to communicate opportunity and hold consultations prior to publishing on any tendering portal. This will work

	Possible Impact	Rating	Mitigation
			because the value/contract is commercially attractive.
Soaring inflation across the country is exacerbating construction supply chain disruptions. Already, inflationary pressures have caused a surge in energy prices, which, in turn, could lead material prices	Cost overrun and delayed delivery of the project	Low	Use of a robust specification and robust price matrix so contractors can price accurately for all costs for the duration of the contract. Also, the use of a JCT Intermediate Contract with Contractor's Design Portion will mean that a contract is awarded to the most cost-effective tender on a lump sum basis.
Project delay	Delayed delivery of the project, cost overruns and contract termination	Low	Robust contract management to ensure that documented risk management plan to mitigate delay and disruption losses.
Procurement challenge	Delayed delivery of the project including possible suspension of procurement	Low	Adherence to procurement regulations.

5. FINANCIAL INFORMATION

5.1 Funding for the full tender will be made available from the capital planned maintenance programme budget from this financial year based on completion dates for the works as outlined in this report.

5.2 The budgets sets are adequate to carry out the anticipated works currently proposed to be implemented. Approval from Cabinet Member for Finance and Commercial Services has been sought for the funds required.

6 COMPETITION PROCESS

6.1 The Council's preferred option is to use the Open Procedure, which will possibly attract bids from a wide range of specialist contractors and will demonstrate the best value for money solution for the Council.

6.2 The following indicative timetable has been set for running the procurement exercise. The dates are subject to change at any stage in the process.

Activity	Completed by
Key Decision on Forward Plan for Procurement Strategy Key decision on Forward Plan for Award	January 2023
Submit Procurement Strategy to Contracts Assurance Board	1st of February 2023
Cabinet Member Approval	17th February 2023
Publish Decision and Call-in	20th February 2023
Implement Decision	24th February 2023
Invitation to Tender (ITT) and tender documents issued	3rd March 2023
Tenderers Site Visit week commencing	14th March 2023
Closing date and time for ITT Clarifications ("ITT Clarifications Deadline"):	27th March 2023
Closing date and time for submission of Tenders ("Tender Submission Deadline"):	3rd April 2023
Evaluation and moderation of tender returns	14th April 2023
Tender Evaluation Completion on or around:	28th April 2023
Internal Approval (CAB & Cabinet Member) to award Contract to successful tenderer on or around:	19th May 2023
Outcome Notification (i.e., Intention to Award) issued to successful and unsuccessful tenders on or around:	26 th May 2023
Execute Contract, issue Contracts Finder Notice, update Capital E -sourcing and mobilise the contract	9 th June 2023
Estimated Go-Live Date for Contract ("Commencement Date") on or around:	3 rd July 2023

7 SELECTION AND AWARD CRITERIA

7.1 The headline Quality/Price ratio is to be 40% 60%. This is a deviation from the split in the Contract Standing Orders which is in favour of quality. The reason for this is to ensure suppliers provide 'value for money' using their supply chain and

to also demonstrate they have the pre-requisite experience in this area as well as being able to be competitive with their tender submissions. Two buildings are Grade II Listed and so attention to detail finishes is critical, together with maintaining lower costs, where this is feasible.

7.2 Social Value will be included in line with the Council's Social Value policy and all contractors will be required to make a social value proposal, join the Social Value Portal, and fill in the matrix to be managed accordingly during the lifetime of the contract

7.3 The quality evaluation will be made up of the following criteria:

Sr.	Criterion		Weighting %
1.	Competence of the proposed team	<p>It is important to the Council that the right level of skills and expertise are allocated to this project. Within this context, please provide</p> <ul style="list-style-type: none"> • CVs for all staff to include relevant expertise. In relation to this project and LBHF's requirements. • An organisation charts specifically for the proposed job (including key sub-contractors/suppliers) highlighting their expertise and skills. 	20%
2.	Delivery Methodology	Describe how you would deliver the project safely with minimum disruption to occupants and or neighbouring buildings.	20%
3.	Project Risks and Mitigation	<p>All construction projects are subject to risks and not only those affecting Health & Safety. Other risks could be the discovery of additional works needed to achieve a successful outcome or a delay to the delivery of important components needed for the project.</p> <p>Bidder to explain what you consider could be the 3 biggest risks likely to affect this project and detail the countermeasures or actions you propose to undertake to minimise them and how you would monitor.</p>	15%
4.	Programme Schedule	Produce an indicative programme for the job (include all Sectional Completions).	20%
5.	Social Value	Social Value Method Statement	25%

		<p>Please¹ provide evidence of how the social value proposals set out in your Social Value Questionnaire will be delivered, including a proposed methodology., based on 5 marks for each of the following:</p> <p>Thematic Approach:</p> <ul style="list-style-type: none"> Bidders must accompany input target figures for specific Social Value measures with a rationale for each Social Value proposal in the method statement, to demonstrate that they have credible processes in place to deliver what is being offered. The method statement for each target should also specify whether this value will be delivered directly by the bidder or through its supply chain. Additional supporting evidence may be provided where necessary to justify the bidder's approach. Responses should be in the context of the community needs and opportunities in the Borough. <p>(a) Delivery Capability: Your proposed resource in order to deliver the proposals, including:</p> <ul style="list-style-type: none"> An identified single point of responsibility, (Account will be taken of the seniority of the person nominated).; A quantified resource plan. This can include internal, external and delivery partners' resources. Delivery partners, such as 3rd sector providers or social enterprises should be named where appropriate. Examples of delivery on similar projects. Method for defining social value outcomes; and Processes for monitoring, measurement and reporting. 	
	Total		100%

8 **CONTRACT PACKAGE, LENGTH AND SPECIFICATION**

8.1 The contract package will involve carrying-out remedial repair and replacement roofing works for a period of six months at the following sites: Macbeth Centre - Macbeth Street, Hammersmith, W6 9JJ and Fulham Central Library - 598 Fulham Road, Fulham, SW6 5NX

8.2 Contract length is expected to be around 52 weeks under a lump sum, JCT Intermediate building contract with contractor design portion. The expected start date is 3rd July 2023, and the end date is 1 July 2024. It is expected the

¹ Sections a and b apply to all contracts over £100,000. Section c is only applicable to contracts valued at over £500,000.

contractor will provide a programme of works to show all key milestones and an agreed completion date.

9 CONTRACT MANAGEMENT

9.1 The contract is to be managed by the Project Manager (Anthony Baafi) and overseen by Head of Hard Services (Chris Nolan). Quality control will be undertaken by an external consultant (Artelia Group) who will act as Contract Administrator and issue a completion certificate once all works have been completed satisfactorily.

9.2 The works on site are to be monitored on a weekly basis to ensure quality and progress are monitored to program criteria set with weekly site meetings with the contractor to resolve any issues that may arise.

9.3 As part of the defects period, monthly site visits will be carried out in the 12 months following handover back to the Council.

9.4 Payment of service will be based on a valuation basis to ensure progress is well-maintained. Final payment less retention will be made at the issue of a completion certificate. Retention is standard in JCT contracts to ensure there is a residual amount left in case defects remain unresolved and is released when defects are all signed off at the end of the defect's liability period.

9.5 The Council's main objectives when considering the contract terms to include are:

9.5.1 To ensure the key elements of the Council's Social Value policy will be adopted and implemented; and

9.5.2 To ensure the contractor can work in a proactive manner to reduce carbon footprint as well as employ locally based staff.

9.6 A suite of KPIs will be used to monitor, measure and report on the performance of both consultants and contractors. Example, KPIs will include:

- (a) Resident satisfaction of contractor performance.
- (b) Defects – condition of each property/block in respect of number of defects at the point of handover.
- (c) Safety (Main Contractor) – number of reportable accidents each month; average number of people on site.
- (d) Construction time taken on each property.
- (e) Percentage of properties completed to programme.
- (f) Time to produce pre-construction cost information.
- (g) Predictability of costs.
- (h) Environmental impact, waste control, noise, dust during construction.
- (i) Local labour and training.
- (j) Time to complete scope of works and outline specification (multi-disciplinary consultant).
- (k) Time to complete final account (Quantity Surveyor).
- (l) Time to produce health and safety files (multi-disciplinary consultant); and
- (m) Client satisfaction

10 STAKEHOLDER CONSULTATION

- 10.1 Prior engagement with all stakeholders and residents will be undertaken to ensure key points are implemented.
- 10.2 Consultations with all relevant stakeholders will continue a bi-weekly basis to ensure any key issues are dealt with.