

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Jon Pickstone, Strategic Director for Economy

Date: 18/08/23

Subject: Award of contract for the major refurbishment of four void properties

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

SUMMARY

This report seeks approval to award a contract for the major refurbishment of four void properties, including structural works, at various addresses across the Borough.

RECOMMENDATIONS

1. Appendices 1 and 2 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that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. That the Strategic Director for Economy, in consultation with the Cabinet Member for Housing and Homelessness, approves the appointment of Greyline Builders via the South East Consortium Internal and External Works Framework Lot 1a (Major Refurbishment under £1m) ("SEC Framework"), to undertake major refurbishment works to various void properties for a sum of £644,179.96. The project is expected to start 9 August 2023 with an estimated completion date of 14 February 2024.
3. That the Strategic Director for Economy, in consultation with the Cabinet Member for Housing and Homelessness, approves the contingency sum detailed in exempt Appendix 2 to deal with any unforeseen works that may arise during the delivery of the project.

Wards Affected: Wormholt & White City, Shepherds Bush Green, Fulham Broadway

Our Values	Summary of how this report aligns to the H&F Values
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	The proposal affects void properties but where works impact neighbours they will be fully consulted prior to start on site and updated on progress during the delivery stage.
Being ruthlessly financially efficient	The 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.
Rising to the challenge of the climate and ecological emergency	The primary aim of the contract is to return empty properties to use. However, specifications include measures to improve the energy efficiency of homes such as low energy lighting, new A-rated windows and doors, and improved ventilation.

Financial Impact

The report seeks to appoint Greyline Builders for a 7-month period August 23 to February 24 at a total cost of **£644,180** (plus contingency). The works are anticipated to be fully capital in nature as all the works under the major refurbishment programme to void properties will improve asset quality and extend lifespan.

The HRA Capital Programme includes an approved budget of £1.4m in 2023/24 for Major Voids and Complex Repairs and it is anticipated this procurement will be funded from this allocation.

A Credit Safe report was run on Greyline Builders Limited on 07/07/2023 which returned a risk score of 73, well above the Council's minimum of 50, but an annual

contract limit of £0.480m, which is not sufficient for the contract value sought in the report.

Analysis of Greyline Builders Limited's balance sheet based on its accounts for the year end 31 March 2022 do not show any significant concerns over the company's ability to deliver the contract. Their liquidity ratio of 1.5 suggests that Greyline are more than able to cover their current liabilities of £3m.

Furthermore, the service has advised that invoicing for the project will occur in arrears, upon delivery of materials on site or on satisfactory completion and inspection of all works. Finance officers will work in conjunction with the service to monitor budgets and ensure robust cost controls to ensure that spend is within the approved budget envelope.

Implications prepared by: Llywelyn Jonas, Principal Accountant – Housing Capital, 020 8753 3507, 07/07/2023

Verified by: Danny Rochford, Head of Finance (Housing Revenue Account and The Economy), 10/7/23

Legal Implications

The Contract value is below EU thresholds so the Public Contracts Regulations 2015 do not apply.

The Council's Contract Standing Orders (CSOs) do apply and the competition requirements have been complied with by running a mini competition using South East Consortium Internal and External Works Framework Lot 1a to make the appointment.

Under CSO 21.5 all contract awards over £100,000 must be submitted to the Contracts Assurance Board.

Under CSO 21.1 the Chief Executive/SLT Member in consultation with the relevant Cabinet Member can make the Contract Award.

Under CSO 21.7 where the award report concerns the award of contract in excess of £300,000 in value or the expenditure is otherwise significant, then 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. The award decision cannot be implemented without the expiry of the call-in period for that decision as shown on the website.

Implications prepared by: Joginder Bola, Senior Solicitor (Contracts & Procurement), 28 June 2023

Background Papers Used in Preparing This Report

NONE

DETAILED ANALYSIS

Reasons for Decision

1. A procurement strategy for ad hoc complex void works was approved by the Cabinet Member for Housing and Homelessness in September 2022
2. The decision above is required to appoint the successful contractor to carry out the works required in these properties.

Property

3. The four properties are a 1-bedroom maisonette in a converted street property in Shepherds Bush; one 3-bedroom and one 4-bedroom end-terrace house on the Wormholt estate; a 4-bedroom end terraced property in Fulham.

Proposals

4. The Council is required to maintain its housing stock in good repair, providing quality homes that are safe and secure and meet tenant aspirations.
5. These works are outside of the scope of the day-to-day voids contract and have therefore been tendered separately in accordance with the approved procurement strategy. These particular four voids are being prioritised because they have been empty for a long period. Also, three of the properties are family-sized units, of which there is an acute shortage in the Borough.
6. These four voids have been packaged together because the proposed works generally consist of structural stabilisation, fabric repairs, new windows and doors, and full internal modernisation. Also, they are all properties where we can start the works immediately upon entering into formal contract with the builder.

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 1a (major refurbishment works under £1,000,000).
8. An invitation to tender was published on the CapitalE-sourcing portal on 10 February 2023 with a closing date of 22 March 2023. Tender submissions were received from three suppliers.
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 table below sets out the scores achieved by each supplier as assessed by the evaluation panel. Further scoring information is provided at exempt Appendix 1.

Overall Ranking	Contractor	Value of tender	Price Score	Price Rank	Quality Score	Quality Rank	Total Weighted Score
1 st	Greyline Builders Ltd	£644,179.96	100.00	1 st	85.70	1 st	91.420
2 nd	Tenderer 2	£664,974.47	96.87	2 nd	74.816	2 nd	83.638
3 rd	Tenderer 3	£996,836.05	64.622	3 rd	68.595	3 rd	67.006

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 tender submitted by Greyline Builders.

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 this 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. The 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: Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 27 June 2023

Climate and Ecological Emergency Implications

14. Whilst the priority for the scheme is to return empty properties to use the scope includes the replacement of windows and doors with A-rated units where existing are in poor condition; improved insulation where roofs being renewed; installation of energy efficient lighting; installation of mechanical ventilation. Also included, in line with the council's lettable standard, are quick-wins such as installing Thermostatic Radiator Valves (TRVs) and reflective foil behind radiators.

Implications verified by: Hinesh Mehta, Head of Climate Change, 6 July 2023

Local Economy and Social Value Implications

15. The social value offer on each contract has been evaluated by the Head of Procurement and the Social Value Portal. Greyline Builders Limited have committed to social value above the council's minimum 10% threshold.
16. 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.

Local Economy and Social Value Implications

17. Social value contributions proposed should amount to a proxy value of at least 10% of the contract and the proposals count towards 20% of the overall score of the bid.
18. Greyline's score was 13.6% of the 20% percentage points. They proposed a proxy value of 10.4% social value. This is primarily made up of contributions of employing and training local residents.

Implications verified by: Paul Clarke, Social Value Officer, 12 July 2023

Procurement implications

19. The Procurement was run compliant with the Public Contract Regulations 2015, specifically relating to Reg 33 Frameworks.
20. The results of the evaluation process (ITT_16679) have been verified against the e-tendering system.
21. A contract shall be created in the contracts register and a signed copy of the contract uploaded, to ensure compliance with statutory transparency requirements.
22. Contract Award Notices shall be published once mobilised.

Implications by: Waheeda Soomro, Commercial Manager, Procurement 13 July 2023

Digital Services Implications

23. IT Implications: No direct IT implications are considered to arise from this report as it seeks approval to award a contract for the refurbishment of various council-owned void properties. 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 Data Privacy Impact Assessment (DPIA) 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. Greyline Builders Ltd 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/verified by: Karen Barry, Strategic Relationship Manager, Digital Services, tel 0208 753 3481, June 28, 2023

Consultation

27. The properties are currently empty but a communications plan will be developed to inform occupants of neighbouring properties of proposed works and anticipated programmes.

LIST OF APPENDICES

- Appendix 1: Details of tender analysis
- Appendix 2: Risk Register Contingency Amounts