

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Jon Pickstone, Strategic Director for Economy (in consultation with the Cabinet Member for Housing and Homelessness)

Date: 03/01/2024

Subject: Award of contract for the provision of pre-construction services relating to the major refurbishment of the Charecroft estate W12

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

SUMMARY

This report seeks approval to enter into a Pre-Construction Services Agreement (“PCSA”) with United Living (South) Ltd to provide pre-construction services for the major refurbishment of the Charecroft Estate W12. The proposed works contract will include provision for new A1-rated windows and spandrel panels, new roof covering, new communal and emergency lighting, and external and communal repairs and redecoration. Upon conclusion of the PCSA and successful negotiation of a contract sum and contractual terms a further report will be presented seeking approval for the works.

The project was included in the Procurement Strategy approved at September 2021 Cabinet to support the 12-year housing asset investment plan. Due to the specific logistical challenges of the project the Council has proposed a two-stage design and build contract procured via a Restricted Procedure.

The proposed works constitute the final phase of a programme of upgrades to Charecroft estate which has included new FD60 flat entrance and lobby doors, additional compartmentation works, full modernisation of eight passenger lifts, installation of wet risers, and installation of a hybrid fire detection and evacuation alarm system. These works are in turn part of the Council’s long term investment programme which aims to ensure that all its homes are safe, secure, wind and weathertight, as energy efficient as is feasible, and equipped with modern facilities and services.

The report has been assured by Contracts Assurance Board on 22 November 2022 and the recommendations have the support of the Departmental Management Team including the Director of Housing and the Assistant Director, Residents and Building Safety.

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 To note that Appendices 1-3 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that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 Strategic Director for Economy, in consultation with the Cabinet Member for Housing and Homelessness, approves the appointment of United Living (South) Ltd to provide pre-construction services for a sum of £384,400.00. The Pre-Construction Services Agreement (“PCSA”) period is expected to start in January 2024 and conclude during April 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 3 to deal with any unforeseen costs that may arise during the delivery of the pre-construction services.
4. That the Strategic Director for Economy, and the Cabinet Member for Housing and Homelessness, notes that the formal award of the PCSA will not be made until completion of consultation with affected leaseholders under Section 20 of the Landlord and Tenant Act 1985.
5. That the Strategic Director for Economy, and the Cabinet Member for Housing and Homelessness, note that a further report will be presented to the Cabinet Member for Housing and Homelessness, seeking approval to award the main works contract. This is expected to be during April 2024, subject to agreement of contract sum and contract terms during the PCSA period.

Wards Affected: Addison

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The PCSA is necessary to develop the proposed works at Charecroft which 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 scheme, and this will continue through to progression to site, and final delivery.

Being ruthlessly financially efficient	The project has been competitively tendered and will be awarded on the basis of most economically advantageous tender.
Taking pride in H&F	The evaluation criteria have 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 PCSA period will be used to develop the specification and deliver energy efficiency measures where feasible. These measures will include new A-rated windows and spandrel panels, enhanced insulation to roof coverings, and improved ventilation.

Financial Impact

The report seeks approval to appoint United Living (South) Ltd to provide pre-construction services for a sum of **£0.384m**.

The service anticipates that the costs will be fully capital in nature as the works are expected to inform the construction and enhancements to Council assets, extending the lifespan and upgrading elements, such as windows, to be more energy efficient.

A Credit Safe report was run for United Living (south) Ltd. on 23/10/2023, which provided a risk score of 74, well above the Council's minimum requirement of 50 as well as an annual contract limit of £34.0m, sufficient for the procurement in this report.

Within the 4-year HRA Capital Programme is a budget allocation of £15.228m for works at the Charecroft Estate (Windows & Fire Safety) which will accommodate the cost of this procurement.

It is anticipated that 33% of the total cost can be recharged to leaseholders based on current estimates provided by the service. This equates to £125,770.96 across 119 lessees, a cost of £1,056.90 per lessee.

Implications prepared by: Llywelyn Jonas, Principal Accountant – Housing Capital, 14/11/2023

Verified by: Danny Rochford, Head of Finance (HRA and Economy), 17/11/2023

Legal Implications

The Council is under a duty to undertake the works to the Charecroft Estate to comply with its obligations as a landlord under the Landlord and Tenant Act 1985 and as a local housing authority under the Housing Act 1985.

Because of the complexity of the works, the contract has been divided into two parts, a contract for pre-construction services to ascertain fully the scope of the works, and a works contract. The successful completion of the pre-construction services does not oblige the Council to enter into a works contract. However, it is intended to carry out the works following the completion of these services. This will be the subject of a separate report.

The contract for pre-construction services and the contract to undertake the works are both subject to the provisions of the Public Contracts Regulations 2015 (PCR) and the Council is obliged to follow the requirements for advertising and competition set out in these regulations. The procurement was undertaken using the restricted procedure which is a compliant process for the purposes of the PCR. These requirements have therefore been met.

This is a high value contract under the Council's Contract Standing Orders. The use of a competitive tendering process using the restricted procedure complies with the requirements of CSO 18.

The award of this contract is a key decision under the Council's Constitution. The details will need to be included in the key decision list on the Council's website.

Implications prepared by: John Sharland, Senior solicitor (Contracts and procurement)

Dated 20 October 2023

Background Papers Used in Preparing This Report

NONE

DETAILED ANALYSIS

Reasons for Decision

1. This project was included in the Procurement Strategy appended to the 12-year housing investment plan approved by September 2021 Cabinet.
2. The decision above is required to appoint the successful contractor to carry out pre-construction services which will in turn enable the Council to enter into a formal building contract for the works required in these properties.

Property

3. Constructed circa 1970, the Charecroft Estate is situated on the south side of Shepherds Bush Green and comprises 430 homes in four twenty-storey tower blocks. Two of the towers, Bush Court and Shepherds Court, are above the W12 retail development. Woodford Court and Roseford Court are above a car park and petrol station respectively.
4. The project is also complicated by the fact that the freehold of the estate is owned by two separate landholders. Further still, the location of the towers, on a red route and with heavy pedestrian footfall, presents a major logistical challenge for site set up, delivery of materials, and execution of the works.
5. The buildings underwent major refurbishment between 2009 and 2011 including the replacement of windows. These works were protracted and difficult as the original contractor went into administration during the construction period. The project suffered due to inadequate design, ineffective project management, and poor-quality workmanship. Problems with the windows in particular have surfaced in the subsequent years necessitating ongoing remedial works.
6. Shepherds Court was the subject of a serious fire in 2016 and various workstreams have been progressed since then to upgrade the blocks including provision of FD60 flat entrance doors and lobby doors, compartmentation works, upgrade of lifts, installation of risers, and installation of emergency alarm system.

Tender Process

7. The Restricted Procedure has been used which is a two-stage process. The first stage saw an open invitation to the market for suppliers to complete a Selection Questionnaire (SQ) through which each bidders' capability, capacity, and experience to perform the contract was assessed and a shortlist of qualified bidders compiled. The second stage involved the issue of an Invitation to Tender (ITT) to the shortlisted bidders. The ITT comprises detailed Employer Requirements, a set of technical questions and a pricing model. These bids were then assessed to determine the most economically advantageous tender, the basis of contract award.
8. Details of the tender process are included in Appendix 1.
9. 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 Rank	Supplier	Final Quality Score	Final Price Score	Final Total Score
1 st	United Living (South) Ltd	40.73	36.86	77.585
2 nd	Tenderer 2	37.50	39.42	76.92
3 rd	Tenderer 3	43.67	31.38	75.05
4 th	Tenderer 4	39.585	35.097	74.682

5 th Tenderer 5	36.01	26.65	62.66
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10. 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 United Living (South) Ltd.

Equality Implications

11. 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

12. 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 activities 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. The contract will not be awarded until the section 20 consultation with leaseholders has been concluded, which mitigates the risk of the Council not being able to bill leaseholders for their share of the cost of the services.

Implications verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 8 November 2023

Climate and Ecological Emergency Implications

13. The PCSA in itself will not deliver any climate change improvements but during the PCSA period the contractor will be developing energy efficient options for the new windows, spandrel panels, roof coverings, and improved ventilation. Further detail will be provided as part of the main works award report but certain options are not expected to be viable, e.g. solar PV is not desirable on high-rise, the cavities are known to be too narrow to fill. In addition, the council is not the freeholder of the blocks.

Implications verified by: Jim Cunningham, Climate Policy & Strategy Lead, 17 November 2023

Local Economy and Social Value Implications

14. 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 10% of the overall score from a procurement strategy agreed by Cabinet prior to 1/4/23.

15. The Summary confirms the Procurement Strategy was agreed in September 2021. The tender details in Appendix 1 confirm that Social Value accounted for 10% of the overall score (17% of the quality assessment).

Suppliers were asked to set out their social value offer during the 1st stage tender exercise. The contractor is expected to develop their final SV offer to the council's satisfaction during the PCSA stage. The final social value offer will become a contractual obligation under the main works contract.

16. It is recommended that the commissioner works with the Legal Service to ensure appropriate social value clauses are included in the contract so that the council can enforce its right to financial remedies if social value commitments are not delivered.
17. It is recommended that the commissioner works with the supplier and the Council's Social Value Officer to ensure a delivery plan is in place to realise the Social Value commitments made by the supplier in addition to ensuring Social Value outcomes are monitored against deliverables as part of the suppliers' contractual obligations.

Implications completed by: Oliur Rahman, Head of Employment and Skills, 15th November 2023

Procurement implications

18. The results of the evaluation process (ITT_16629) have been verified against the e-tendering system.
19. A contract shall be created in the contracts register and a signed copy of the contract uploaded, to ensure compliance with statutory transparency requirements.
20. Contract Award Notices shall be published via capitalEsourcing.

Implications verified by: Waheeda Soomro, Commercial Manager, Commercial & Procurement Team 17 November 2023

Digital Services Implications

21. 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.

22. 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.
23. United Living (South) Ltd will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.
24. 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 verified by: Cinar Altun, Digital Strategy Lead, Digital Services, 31 October 2023

Consultation

25. 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 during the pre-construction period and resident engagement 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.
26. A Notice of Intent was issued to leaseholders on 21 September 2022. The Notice of Estimate for the PCSA will be issued early November with the consultation period ending early December. The contract will not be formally awarded until the Section 20 period has passed and all observations have been answered. A second Notice of Estimate for the main works will be issued following agreement of the contract sum.
27. The total estimated charges to leaseholders based on the recommended contract sum plus contingency and internal management fees is £125k. Further details are shown in Appendix 2.
28. 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 process and analysis
Exempt Appendix 2: Details of estimated leaseholder recharges
Exempt Appendix 3: Risk Register Contingency Amounts