

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

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

**Date:** 21/01/2024

**Subject:** Appointment of Control Team for the Four Sites at:

- Barclay Close,
- Becklow Gardens,
- Land Behind the Grange &
- Land Adjacent to Jepson House

**Report author:** Peter Cook, Head of Development

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

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### SUMMARY

This Report seeks approval to appoint AtkinsRealis PPS Ltd for professional 'Control team' services to redevelop the four independent sites (Projects) at:

- Barclay Close
- Becklow Gardens
- Land behind the Grange
- Land adjacent to Jepson House

The fee proposal that is being recommended for approval has been thoroughly tested via a procurement framework process and is considered to be the most economically advantageous tender and provides value for money in comparison to other similar development projects of this size and nature.

This appointment on each project (site) is to enable the delivery of approximately 80 homes of which 50% would be affordable and prioritised for local residents. The contract is in line with H&F's Development Gateway processes and covers Gateways 1 – 5 (RIBA 0 – 7), Feasibility, Planning, Procurement, On-site and Post Completion. The approval extends only to a commitment of at-risk expenditure and allows for a break clause up to the end of Gateway 2 – Planning (RIBA 4). Future budget approval will be required to progress post Gateway 3 – Procurement (RIBA 5 – 7) to deliver the scheme.

The commission covers each scheme to be designed at an 'aspirational sustainability standard' with the option to change down to an intermediate standard if the financial viability for each project is challenged. A sustainability review will be carried out by the team during Gateway 2 (RIBA 2) to determine which level to progress. The commission allows for a proportionate reduction in fees and resources if an aspirational standard is not viable.

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## RECOMMENDATIONS

The Cabinet Member for the Economy is recommended to:

1. Approve that Appendices 1 and 2 are not for publication on the basis that they contain information relating to the financial or business affairs of any person (including the authority holding that information) as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 AtkinsRealis PPS Ltd to provide professional 'Control team' services to include:
  - Project Management
  - Cost Consultant
  - Employers Agent
  - CDM/ Principle Designer
  - Energy & Sustainability Consultant

to redevelop each of the four independent sites through Gateway 2 – Planning (RIBA Stages 1 – 3) and 3 Procurement (RIBA Stages 3+ & 4) of the Council's Development Gateway process. To note that further approval will be required to continue through Gateways 4 – On site (RIBA Stages 5 & 6) and Gateway 5 Post Completion (RIBA 7) to deliver the new homes. The Headline Programme is shown below.

Milestone	Date
<b>LBHF Development Stage 2: (Planning)</b>	
RIBA Work Stages 1	Jan 24
RIBA Work Stages 2	Feb – Aug 24
RIBA Work Stages 3	Sep 24 – Dec 24
Planning Submission	Jan 25
RIBA Stage 3+ Supplementary Design	Jan 25 – Mar 25
RIBA Stage 4 Procurement	Mar 25-Nov 25
Planning Consent	May 25

3. To note individual budget allocations including 10% contingency (at a total of £1,983,700) from the existing budget envelope as set out below:
  - i) Barclay Close for a value of £482,952.58
  - ii) Becklow Gardens for a value of £474,918.53
  - iii) land behind the Grange for a value of £553,164.32 and
  - iv) land adjacent to Jepson House for a value of £472,664.83
4. This sets the build standard to aspirational on all four projects combined, with all four projects independent of each other.

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**Wards Affected:** Sands End, Walham Green, Conningham

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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 'Control' team will be required, where possible, to procure from local businesses (sub-consultants) for elements of the construction works in accordance with the council's industrial strategy and Contract Standing Orders.
Creating a compassionate council	The control and team will be required to engage in comprehensive public consultations on the proposals and delivery approach to provide modern and quality homes. This will be achieved through adopting the Defend Council Homes Policy and Implementation Guide along with adopting best practice co-production and continued engagement with the residents, stakeholders and wider community. A project resident steering group will be created as part of the process to inform emerging designs and influence our services. This coproduction process will extend further to accessibility to accommodate the principles of the Councils Disabled Peoples Housing Strategy.
Doing things with local residents, not to them	The control team will work to the council's values of working with residents and local residents and will be engaged and consulted extensively on the redevelopment throughout the development.
Being ruthlessly financially efficient	Selection of the correct control team through robust procurement process will ensure that the project has the best possible chance of delivering a high quality and financially viable project.
Taking pride in H&F	The tender documents which will be issued during the procurement process will encourage a quality addition to the borough to ensure that in both in terms of housing provision and the physical fabric of the borough. The engagement approach of the project will also empower the local communities to enhance their locality.

Rising to the challenge of the climate and ecological emergency	The brief to the control team will be to meet the targets set out in the emerging Climate Strategy with the aim to achieve a significant reduction in operational carbon usage, thereby reducing fuel bills of future residents.
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### Financial Impact

1. On 18<sup>th</sup> July 2022, Cabinet approved a budget of £7,512,028 for the planning and procurement stages of the four redevelopment projects. The overall budget is split independently between projects.
2. A procurement strategy was approved for the Control Team for the four sites. The estimated total value of the contract award at this time was £2.6m. Up to RIBA Stage 7.
3. The tendering process has now been completed and the proposed contract award value has been agreed. The total Control Team contract value of £1,983,700 is within the estimate stated in the Procurement strategy approved 11<sup>th</sup> November 2022. This adheres to the Council's Contract Standing Orders (CSOs).
4. This is shown across the four independent projects in the table below:

Project Name	Overall programme budget up to RIBA Stage 4 (Approved 18 <sup>th</sup> July 2022)	Estimated Cost under Procurement Strategy (£)	Contract Award up to RIBA Stage 7 (£)
Barclay Close	900,878	400,000	482,953
Becklow Gardens	1,677,922	600,000	474,919
Land behind The Grange	1,732,504	650,000	553,164
Land adjacent to Jepson House	3,200,724	950,000	472,664
<b>Total Budget</b>	<b>7,512,028</b>	<b>2,600,000</b>	<b>1,983,700</b>

5. The council will appoint the successful supplier to deliver the services from RIBA 1 to RIBA stage 7 with the option to break the contract on notice subject to viability, funding availability and performance.

6. As of now the approved budget for the four projects are up to RIBA Stage 4 at a total cost of £1,136,159, this would mean to continue to receive services from the supplier after RIBA Stage 4, a budget approval request for drawdown would need to be written for RIBA Stage 5-7 for the total budget of £1,983,700.
7. At the end of each RIBA stage, and on each of the individual projects, the council will take a view on the services to date, available funding and budgets and decide whether to continue with the contract or to activate the break provisions.
8. The scheme will be regularly reviewed in terms of costs and viability throughout its lifecycle at pertinent and timely intervals. The culmination of these intermediate and milestone reviews, throughout the project not only facilitate the ongoing management, coordination and monitoring of the projects performance, but also inform any Gateway and Governance approval accordingly and allow the Development Board to monitor performance generally.
9. In addition and to compliment this there are break clauses in place in all contracts with proposed members of the integrated project team and therefore should the decision not to proceed beyond a Gateway Stage be taken by the council. Expenditure is limited to only costs incurred to that date thereby reducing the Councils financial exposure.
10. After the initial design stages, if it is deemed not possible to complete the design to Aspirational level then this will go down to an intermediate sustainability level and a reduction in costs is to be expected to reflect this.
11. The consultant recommended for appointment has been subject to an assessment of their financial stability, which produced the following results:
  - A CreditSafe score of 100 (deemed very low risk)
  - CreditSafe annual contract limit of £68,000,000 which is well above the intended contract award of £1,983,700.26 (for 3 years).
12. These results meet the Council's criteria for financial standing.

*Ariana Murdock, Finance Manager, Strategic Planning & Investment, 14 December 2023*

*Verified by Andre Mark (Head of Finance, strategic planning and investment, 15<sup>th</sup> December 2023)*

## **Legal Implications**

13. The value of the procurement is above EU thresholds and so the Public Contracts Regulations 2015 (PCRs) will apply.
14. The Pagabo Framework is compliant with the PCRs. A mini competition has been run under this framework to appoint consultants which is compliant with the advertising and competition requirements under the Council's Contract Standing

Orders (CSOs). The exempt Appendix 2 contains information relating to due diligence checks on AtkinsRealis.

15. Where the procurement strategy concerns a contract with estimate value 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 the report must be submitted to Committee Services for publication on the Council's website
16. The relevant Cabinet Member has authority to approve the award of the contract.

*Joginder Bola, Senior Solicitor (Contracts & Procurement), 17/11/2023*

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## Background Papers Used in Preparing This Report

### Background

17. In July 2019, Cabinet approved the '**Building Homes and Communities Strategy**' which set out the principles of a self-funding programme of investment in homes and community assets. The strategies headline objectives are to:
  - a. Increase the supply of affordable housing in line with the administration's priorities,
  - b. Use capital resource to increase the Council's income in line with the long-term financial strategy, and,
  - c. Utilise assets to help deliver, manage demand and avoid costs.
18. The Building Homes and Communities strategy dovetails with the Defend Council Homes Policy (DCHP) and its core principles, that:
  - a. No development on HRA sites is to proceed without resident involvement, and,
  - b. The establishment of a 'resident panel' to be an integral part of the development process and to provide input on development proposals and oversight regarding engagement and consultation with residents, stakeholders and the wider community.
19. The 4 sites form part of the Council's direct delivery development programme. The overall development programme currently includes 14 projects and c.1,200 homes, of which c.720 are affordable (60%). The 4 sites look to yield a total of 80 new homes in the borough, of which a minimum of 50% will be affordable. As with the Council's direct delivery programme we will look to maximise the amount of affordable homes whilst maintaining viability along with other initiatives around family sized homes and key worker initiatives. The programme also includes c. 8,500m<sup>2</sup> of new re-provisioned community infrastructure, offices, schools and education facilities.
20. After challenges relating to procuring Farm Lane and Lillie Road a decision was made to package these 4 smaller sites together so as to make them more attractive to potential suppliers.

21. All four projects will be subject to a sustainability options analysis during Gateway 2 (RIBA 2) to ensure they align with the Climate and Ecology Strategy and 'Homes, Buildings and Energy' action plan targets. The commission covers each scheme to be designed at an 'aspirational sustainability standard' with the option to change down to an intermediate standard if the financial viability for each project is challenged.
  22. On 18th July 2022, Cabinet approved an overall budget of £7,512,028 to allow progression of associated development tasks, activities and expenditure, to facilitate the journey and delivery, on all four sites, up to and including the completion of H&F's Gateway 2 – Planning (RIBA 1 – 3) and Gateway 3 – Procurement (RIBA Stage 4) and through Gateways 4 and 5 (RIBA 5 – 7) construction phase to handover.
  23. The four sites form part of the Council's direct delivery development programme. Across the four sites capacity studies demonstrate 80 new homes could be delivered with a minimum of 50% being affordable.
  24. This procurement is in line with Council's commitment to replacing social housing and providing genuinely affordable housing to meet the acute housing needs in the Borough and help rejuvenate the local area and local business that are still struggling from the effects of Covid-19.
  25. The appointed Control Team will interrogate and quality test the design work of the separate Design Team and enable the council to develop a detailed cost plan for each of the projects, following which, further funding might be sought subject to viability assessment.
  26. Assuming the project proceeds past the end of Gateway 2 (RIBA stage 3) (Planning), the Control Team will also manage the Design and Build Contract procurement exercise and ensure that the contract is robust and administered effectively. Design and Build contracts are H&F's preferred procurement route, though this is subject to approval of a procurement strategy for the building contract at the appropriate time.
  27. The Pagabo Framework Manager has confirmed that Atkins Realis have retained the position on the Pagabo Framework they held while they were known as Faithful & Gould. The only change is only in the name, all other terms / legal entities remain the same.
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## **DETAILED ANALYSIS**

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

28. 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, energy and sustainability consultancy and Construction Design and Management (CDM)/ Principle Design services.

29. The Control Team will provide additional project management resources, oversight on works costs estimates and management of works contract payments in addition to contract management of the main contractor.
30. Together the Integrated Project Team will enable appropriate management of + as well as cost risk and support H&F in 'Being Ruthlessly Financially Efficient'.
31. The four sites have been procured together to attract tender submissions, these sites are to be commissioned and delivered independent of each other.
32. The Contract Manager will manage the contract in accordance with the Pagabo Call Off Terms and Conditions. Contract management will play a pivotal role in ensuring compliance and mitigating risks. Once the contract has been signed by both parties it will be uploaded on to capitalEsourcing where the suppliers performance will be recorded.

### **Quality/Technical/Commercial**

33. Officers carried out a mini competition using the Pagabo Professional Services Framework, Lot 4 (Cost Consultants & Quantity Surveyors, Project & Programme Manager, Lead Consultant). Pagabo's Framework specifically permits the running of mini competition between invited suppliers which passed their capability assessment.
34. The Council's capitalEsourcing portal was used to manage the process (itt\_17362).
35. Eight Suppliers accessed the tender details through the framework and four suppliers submitted tenders within the deadline.
36. H&F broadcast a clarification with an updated pricing and resource schedule, in an attempt to better understand the appropriate level of resources being applied to each scheme across the life span of the project.
37. Tenders were evaluated in accordance with criteria of Quality 60%: Price 40%.
38. The quality review was based on the following sub-criteria as selected by officers. This sub-weighting makes up the 60% overall quality score.
 

a) Delivery	30%
b) Approach	20%
c) Resource	12%
d) Risks	9%
e) BIM	5%
f) Health & Safety	4%
g) Social Value Questionnaire	10%
h) Social Value Method Statement	10%
39. AtkinsRealis PPS Ltd scored the highest overall and they have the necessary skills and experience to deliver the required Control team services as defined in the specification.



<b>Bidder</b>	<b>Technical % score</b>	<b>Commercial % score</b>	<b>Overall score</b>
<b>ATKINSREALIS PPS LIMITED</b>	47.91%	34.19%	82.10%
<b>Bidder 2</b>	37.68%	35.30%	72.98%
<b>Bidder 3</b>	41.14%	30.00%	71.14%
<b>Bidder 4</b>	30.53%	40.00%	70.53%

40. A breakdown of the total costs is set out below, this also includes a 10% contingency for each project for any unforeseen services outside of the scope. The total fees including contingency required are within the approved budget envelope.

<b>Project</b>	<b>Cost set out in tender</b>	<b>Contingency 10%</b>	<b>Total</b>
Barclay Close	£439,047.80	£43,904.78	£482,952.58
Becklow Gardens	£431,744.12	£43,174.41	£474,918.53
Land behind The Grange	£502,876.65	£50,287.67	£553,164.32
Land adjacent to Jepson House	£429,695.30	£42,969.53	£472,664.83
<b>TOTAL</b>	<b>£1,803,363</b>	<b>£180,363</b>	<b>£1,983,700</b>

41. The total sum for all four projects is £1,983,700.

42. We have received a social value commitment of £270,698.08 for this contract.

### **Option 1: Do nothing (not recommended)**

43. The “do nothing” option would either mean (a) not proceeding with this decision or (b) not proceeding with the redevelopment projects or (c) not appointing a control team but proceeding with developments.

44. Not proceeding with this decision but proceeding with the redevelopment would result in further delay to procurement of the Control Team which are specialist services not available to the council internally. This option would significantly delay commencement on site and ultimately the timely delivery of much needed affordable housing.

45. Not proceeding with this project would mean the Council not complying with its GLA funding and delivery commitments. This would also not be in line with the Council’s commitment to delivering the redevelopment of the sites and would result in no re-provision of much needed genuinely affordable housing in the borough.

46. Not appointing a Control Team would give rise to significant risks and make the council wholly reliant on the Architect led Design Team with no technical oversight of their work by Cost Consultants or an Employer’s Agent.

## Option 2: Proceed with Appointment (recommended)

47. Proceed with the appointment of AtkinsRealis PPS Ltd as the Control Team for the four sites. The Headline Programme is shown below.

Milestone	Date
<b>LBHF Development Stage 2: (Planning)</b>	
RIBA Work Stages 1	Jan 24
RIBA Work Stages 2	Feb – Aug 24
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## Reasons for Decision

48. Option 2 has been recommended as the preferred approach. The Council's priorities are still aligned in delivering new affordable Council housing in the borough and the procurement process has produced a good result in compliance with Council's Contract Standing Orders.
49. The Decision to award this contract will enable the council to deliver on the Four sites housing developments in the borough, a crucial step in delivering targets on the provision of affordable homes.
50. It is essential to appoint the Control Team at an early stage to interrogate design and cost plans from the start of a project to make sure the schemes being designed are financially deliverable.
51. The Contract Manager will manage the contract in accordance with the Pagabo Framework Call Off Terms and Conditions. Contract management will play a pivotal role in ensuring compliance and mitigating risks. Once the contract has been signed by both parties it will be uploaded on to capitalEsourcing where the suppliers performance will be recorded.

## Equality Implications

52. 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.
53. However, as part of the process the Equality Impact Assessment that was produced and approved by Cabinet will be reviewed accordingly as coproduced designs emerge.

## **Risk Management Implications**

54. To meet potential reputational and delivery risks, it is recommended that the project team monitor the performance of AtkinsRealis from both a delivery perspective as well as to be vigilant of their financial performance and regulatory adherence.

The risks can be mitigated by the project team proactively and tightly managing the engagement through recognised and predefined governance structures and through regular management reporting.

*Jules Binney, Risk and Assurance Manager, 20/11/2023*

## **Procurement implications**

55. The results of the evaluation process have been verified against the e-tendering system and the Moderation Matrix has been uploaded on to capitalEsourcing.

*Sophie Uddin, Procurement Category Lead, Procurement and Commercial, 22/02/24*

## **Local Economy and Social Value**

56. 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.

57. The value of the contract is above £100,000. Paragraph 7 above outlines how the bids were scored including Social Value.

58. The winning bidder has proposed a social value offer of £270,698.08. This includes working with local schools and colleges, providing work experience, donations to local projects, volunteering and local MSME spending.

59. The commissioner should work 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.

*Verified by Paul Clarke, Principal ED Officer, December 2023*

## **Consultation**

60. This will be achieved through adopting the Defend Council Homes Policy and Implementation Guide along with adopting best practice co-production and continued engagement with the residents, stakeholders and wider community. A project resident steering group will be created as part of the process to inform emerging designs and influence our services. This coproduction

process will extend further to accessibility to accommodate the principles of the Councils Disabled Peoples Housing Strategy.

61. The Control and Design Teams will work closely with local residents and facilitate co-production of any scheme brought forward. A project 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 control and design teams, H&F client team, the community engagement lead to ensure all stakeholders are integrated into the process.

## **LIST OF APPENDICES**

Exempt Appendix 1 – Four Sites Control Team Appointment Scores

Exempt Appendix 2 – Due Diligence Checks