

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Sukvinder Kalsi, Executive Director of Finance and Corporate Services, in consultation with Councillor Frances Umeh, Cabinet Member for Housing and Homelessness

Date: 13/09/24

Subject: Award of contract for the major refurbishment of various void and occupied street properties

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

SUMMARY

This report seeks approval to award a contract for the major refurbishment, including structural works, to five void street properties, providing eight units of accommodation, to make them available for letting; and major works to an occupied street property providing three units of accommodation, which is of 11 properties in total. A full breakdown of the type of properties are explained in exempt Appendix 3.

The works generally comprise the repair and replacement of ageing building elements such as windows, doors, roofs; structural repairs; the modernisation of kitchens and bathrooms; and the upgrade of heating and electrical installations.

The proposed contractor has been selected following a competitive tendering process in accordance with the approved Procurement Strategy and Council Standing Orders.

Contract Administration duties will be provided by external consultants John Rowan and Partners, reporting to the Head of Capital Delivery, and a dedicated Project Manager from within the Capital Delivery team. A Technical Inspector from within the Capital Delivery team will assist the Project Manager with the day-to-day monitoring of progress on site and ensuring the quality of work meets the specified standard.

This report has been approved by Contracts Assurance Board on 10th July 2024 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 To note that Appendices 1-3 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that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 of Finance, in consultation with the Cabinet Member for Housing and Homelessness, approves the appointment of Greyline Group Ltd (formerly Greyline Builders Ltd) via the South East Consortium Internal and External Works Framework Lot 2 (“SEC Framework”), to undertake major refurbishment works to various void and occupied street properties for a sum of £641,895.18. The project is expected to start on 26 August 2024 with an estimated completion date of 10 February 2025.

3. That the Executive Director of Finance and Corporate Services, 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: Coningham, Grove, Hammersmith Broadway, Fulham Town, Palace and Hurlingham

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 primarily 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

1. The report seeks approval to appoint a contractor, Greyline Group Limited, to undertake major refurbishment works schemes to 5 void street properties and 1 Council tenant-occupied property at a total cost of up to £706,895. The property addresses are set out in Exempt Appendix 3. Of the total cost, up to £65,000 is expected to be spent on contingency fees in the event of unforeseen works that emerge during delivery of the project.
2. Based on the timing of the works, the cost is expected to be incurred in the current financial year 2024/25 across the 6 selected properties and 11 units, equating to an average cost of up to £64,263 per unit. Payments will be made in monthly instalments based on the progress of works to a satisfactory standard, which will be monitored by service colleagues and the contract administrator. The appointment of the proposed contract administrator, John Rowan and Partners Ltd, is subject to the approval of a separate contract award report to be prepared by the Capital Delivery Team, to cover the period of the works and the defects liability period, the latter of which is 1 year after practical completion of the works.
3. The annual income expected to be generated through undertaking the major refurbishment works to bring the selected properties to the required standard is £95,375 (equating to 13% of the budgeted cost), of which £73,591 is expected to be generated from letting the void properties. Based on a total cost of the works of £706,895, there is an expected investment payback period of 7 years.
4. The HRA Asset Management 4-Year Capital Programme for 2024-28 was approved by Cabinet in February 2024 and contained a budget provision for major works, of £45.140m across financial years 2024/25 to 2027/28. The cost of the proposed schemes will be funded from approved uncommitted funding on major voids/complex repairs, which has been allocated to the Capital Delivery team.

5. A Credit Safe report run on 25th June 2024 on the supplier Greyline Group Ltd, showed a credit score of 68 (low risk) and a contract limit of £2,350,000. This is sufficient for the contract to be awarded and in view of the suggested contract value being lower than the value of the procurement.
6. Finance officers will work closely with the budget holders to monitor spend within the agreed budget envelope and will report updates to the financial position via the quarterly Capital Programme Monitor.

Implications prepared by: Anjeli Chadha, Principal Accountant, 27th June 2024

Verified by: Danny Rochford, Head of Finance, 2nd July 2024

Legal Implications

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

It is a High Value Contract under the Council's Contract Standing Orders ('CSOs') and the appointment of Greyline Group Ltd via the South East Consortium Internal and External Works Framework Lot 2 is in compliance with these.

All contract awards with a value over £100,000 must be considered at the Contracts Assurance Board.

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.

That the Strategic Director of Finance, in consultation with the Cabinet Member for Housing and Homelessness can approve this award.

Implications prepared by: Joginder Bola, Senior Solicitor (Contracts & Procurement), 24 June 2024

Background Papers Used in Preparing This Report

NONE

DETAILED ANALYSIS

Reasons for Decision

1. The decision above is required to appoint the successful contractor to carry out the works required in these properties.

Property

2. The total of 11 properties comprise of six properties that are two single-dwelling houses and four conversions providing nine flats situated in various locations in the borough.

Proposals

3. The Council is required to maintain its housing stock in good repair, providing quality homes that are safe and secure and meet tenant aspirations. The proposed works generally consist of structural stabilisation, fabric repairs, new windows and doors, and full internal modernisation.
4. These works are outside of the scope of the day-to-day voids and repairs contracts and have therefore been tendered separately in accordance with the approved procurement strategy.

Tender Process

5. In accordance with the approved strategy, the procurement has been undertaken by way of a mini-competition under the South East Consortium's Internal & External Building Works Framework Lot 2.
6. An invitation to tender was published on the CapitalEsourcing portal on 27 November 2023 with a closing date of 1 February 2024. Tender submissions were received from five suppliers.
7. The tender appraisal panel 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.
8. The scoring information is provided at exempt Appendix 1.
9. 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 Group Ltd.

Equality Implications

10. An Equalities Impact Assessment has been completed. 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

11. 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: Jules Binney, Risk and Assurance Manager, 25 June 2024

Climate and Ecological Emergency Implications

12. 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.
13. These will have positive contributions towards the Council's efforts to tackle the climate emergency.
14. Adopting circular economy approaches will play a significant role in addressing the challenge of the climate emergency: where technically feasible, Greyline Group Ltd should be asked to disassemble rather than demolish, and to recover and repurpose or re-use rather than recycle or discard any materials arising from works carried out. The Climate team will support conversations to encourage this.

Implications verified by: Mark Thomlinson, Climate Engagement Lead, 25 June 2024

Local Economy and Social Value Implications

15. 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 20% of the overall score.
16. The scoring of tenders is described in paragraph 8 above.
17. 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.

Implications verified by: Paul Clarke, Social Value Officer, 11 June 2024.

Procurement implications

18. The Procurement was run compliant with the Public Contract Regulations 2015, specifically relating to Reg 33 Frameworks.
19. The procurement was administered via the e-tendering system process (ITT_17242).
20. Upon award of the contract, the results will be verified and published via 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 approval has been received from CAB.

Implications by: Nicholas Marco-Wadey (Head of Contract Governance (Housing), 28th of June 2024.

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 and occupied street 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 verified by: Cinar Altun, Strategy Lead, Digital Services, 1 July 2024

Consultation

27. Most 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

Appendix 3: List of properties

Appendix 4: EIA