

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** The Economy, Arts, Sports & Public Realm Policy and Accountability Committee

**Date:** 18/11/2024

**Subject:** Public Realm Works Procurement

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**Responsible Director:** Bram Kainth, Executive Director of Place

## SUMMARY

This report outlines the strategic approach being developed for a Public Realm Maintenance & Project Works Contract for all Council Public Realm works from April 2026.

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## RECOMMENDATIONS

1. For the Committee to note and comment on the paper and presentation.

**Wards Affected:** All

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<b>Our Values</b>	<b>Summary of how this report aligns to the <a href="#">H&amp;F Corporate Plan</a> and the H&amp;F Values</b>
<b>Building shared prosperity</b>	Bringing the best outcomes to deliver quality works in public realm, regardless of where in the borough they sit.
<b>Creating a compassionate and inclusive council</b>	To incorporate social value and what the contract can deliver for communities across the borough.
<b>Doing things with local residents, not to them</b>	All schemes will be designed with residents and delivered with them in mind. Residents are key to any successful service and their feedback plays a part in how we develop, plan, and deliver works. Accessibility will be a key component of the contract procured.

Our Values	Summary of how this report aligns to the <a href="#">H&amp;F Corporate Plan</a> and the H&F Values
<b>Being ruthlessly financially efficient</b>	At the heart of the contract will be efficiency, innovation, and an ethos of right first-time.
<b>Taking pride in H&amp;F</b>	This is a fundamental part of every aspect of works delivered by the contractors, which will be procured and assured through this contract.
<b>Rising to the challenge of the climate and ecological emergency</b>	The contract will be built around green initiatives, including recycling, decarbonisation, and sustainability.

## DETAILED ANALYSIS

### Background

1. We currently use the Royal Borough of Kensington and Chelsea (RBKC) Framework contract for Highways Works. FM Conway won five of the six Lots in 2017 on an assessment of cost and quality. Hammersmith and Fulham started using the framework in April of 2018. The contract was extended in 2023 for a further 3 years, scheduled to end on Wednesday, 1<sup>st</sup> April 2026 and cannot be extended further, so a new contract is required.
2. This framework contract has six lots listed below:
  - (1) Paving (FM Conway),
  - (2) Asphalt resurfacing (FM Conway),
  - (3) Lighting and electricals (FM Conway),
  - (4) Projects (FM Conway),
  - (5) Structures (FM Conway), and
  - (6) Drainage repairs (Cappagh), Drainage Cleansing (FM Conway).
3. The main objective of the new procurement is to provide the Council with a Public Realm works contract. This contract will provide the Council with direct access to suppliers for the completion of maintenance (planned & reactive) and capital projects that will deliver the works in alignment with the Council's core values and quality standards. Furthermore, the Council currently uses the Ealing Framework contract to procure professional design services. It is proposed to include the procurement of professional design services in this new Public Realm contract to have additional control on the suppliers and the procurement of services and avoid paying access fees. It is planned to engage with the market to seek views on whether this would be an attractive and effective approach to procure these services.
4. At present, the Council has no resilience as FM Conway Ltd hold five of the six Lots. We plan to change this dynamic with the new contract by potentially limiting

the number of Lots which a particular contractor can be awarded or by appointing more than one supplier. This will provide us with supplier resilience which will help scheme delivery.

5. Another driver is around efficiency and economies of scale in line with the Council's priority to be ruthlessly and financially efficient. The future contract will be capable of being used by the Parks and Housing teams because work delivered by Highways is also required by these services. For example, the construction and maintenance of footways and asphalt surfaces in Parks and Housing could be delivered by a contractor who is doing the same work on the highways, thereby reducing delivery time and cost of procurement.
6. Several options have been explored to assess the best vehicle for carrying out a range of highway works from April 2026 onwards. For several months, we worked with Westminster City Council, as part of a joint contract approach however Westminster's highway team decided to withdraw from this arrangement because their service requirements and timescales did not match our requirements. We are assessing the viability and compliance of the Transport for London (TfL) framework as we plan to use that as an alternative contract, if required, to add more agility to deliver works to programme.

### **Public Realm Works Contract - Proposed Approach**

7. The TfL framework doesn't give us the confidence of resources or priority alone, which a bespoke contract for this borough would provide. That means we are now proposing to procure a LBHF only contract that is also accessible to Housing and Parks.
8. The procurement of the Public Realm Works contract will provide the Housing Department the option to use this term contract to provide works which could reduce the need to procure certain works separately, saving time and money.
9. The Council has a Grounds Maintenance Contract with Idverde that commenced in February 2022 for 5 years with the option of a 5-year extension. The grounds maintenance contract covers three Lots: Parks and Cemeteries; Housing and Wormwood Scrubs. With the increase in green infrastructure across public realm there is a requirement to have flexibility around ground maintenance provision. It is now significantly more than the 50 parks, open spaces and 4 cemeteries as there are over 100 highways sites requiring different skills and resources. In addition, improvement projects within the parks could often be undertaken by the highways term contractor rather than having to procure each project separately which can be inefficient. We are therefore proposing to add Grounds Maintenance as an option into the Public Realm Works Contract, with the start date being subject to discussions with the existing provider.
10. Professional Consultancy Services are currently procured through an Ealing framework contract, which has consultants available to provide project management and specialist design support for structures, highways, traffic schemes, drainage projects etc. This framework ends in 2027 so it is proposed the Council procures its own Professional Services framework through this

process which will also avoid a 2.5% uplift charged by Ealing on all fees. This proposal to have our consultancy contract will provide us more flexibility to have the scope of specialist design skills required and be more financially efficient.

### **Contract Specifications Summary**

11. Following internal discussions and workshops with relevant departments in the Council, the following services are proposed to be included in the new Public Realm contract:
  - a. Asphalt reactive and planned works;
  - b. Paving works reactive and planned works;
  - c. Road markings;
  - d. Street lighting reactive and planned works;
  - e. Civil engineering projects (highways, streetscape, public realm);
  - f. Drainage services;
  - g. Structures;
  - h. Winter carriageways maintenance;
  - i. Ground maintenance (commencement date to be agreed);
  - j. Professional Services;
  
12. The length of contract must be designed to deliver the maximum efficiency and low costs, as well as ensuring it is attractive to the market when we publish the procurement opportunity. At the time this report is being prepared, the optimal contract term is envisaged to be 7 years with a potential extension of 3 additional years to provide the contractor the ability to invest in key assets and because we have no depot space to offer the successful contractor(s).

### **Procurement Route Analysis of Options**

13. **Option 1: Undertake a full regulated procurement process, advertised to the market (Recommended)**

Due to the nuances and complexities of the Council's requirements, alongside its desire to seek the best value for money in line with its priority of being ruthlessly financially efficient, it is proposed the council procures the Public Realm contract using a full regulated procurement process, advertised to the market. The procurement will combine the group of services in lots to maximise attractiveness to suppliers, and it will allow the Council to have access to different suppliers for the completion of the works. A market engagement session will be arranged to capture the market's thoughts on the proposed procurement structure to confirm if the current strategy aligns with the industry. Following the engagement session the Council may adjust the procurement strategy with the aim to obtain best value through a manageable contract.
  
14. **Option 2: Procure using a compliant framework, Dynamic Purchasing System (DPS) or Dynamic Market (not recommended)**

There are not any established frameworks which meet the Council's needs. However, the Council is considering using the TfL Framework alongside its own procured Public Realm contract, to provide a further level of resilience, to ensure successful delivery of the required works.

## Market Analysis, Local Economy, and Social Value

15. A new contract must be able to meet the challenges that we face in the coming years and climate change is one of the key areas we need to adapt our design and delivery of works to either maintain or improve our assets across public realm. This must align with our [Low Carbon Procurement Policy](#).
16. Social value has become a key component of any contract, and we have managed to build up several valuable deliverables for our communities using a contract with no social value clauses incorporated in it. Any new contract must incorporate social value as a fundamental component, building on previous successes. We will encourage the winning contractor to employ residents where possible – including apprentices.
17. The contract will encourage innovation across a wide range of areas. This could include a switch to the use of electric vehicles, where this does not negatively impact on service delivery, and use of sustainable transport, such as cargo bikes. In addition, we will be looking for improvements in digital management, sustainability, decarbonisation, circular economy, and the materials we use including increasing the use of recycled materials. This contract must embrace the greening the grey drive, as there will be much more works that feature planting and the installation and maintaining of this new green space.
18. The borough's Industrial Strategy and Streetsmart Guide will influence the new contract and help shape what we need to deliver in the future as we create quality public spaces that promote the local economy.
19. The contractors will also be required to embrace the core value of 'doing things with people, not to them' including how we communicate effectively with residents and businesses, which will be at the forefront of the new contract.

## Risk Assessment and Proposed Mitigations

20. **Service value:** the procurement of services in lots that are not of significant value to the suppliers may deter them from bidding or they may provide rates that are not cost efficient. The services are to be grouped in a way that the financial value of the resulting lots is attractive to suppliers. The inclusion of works from Housing and Parks will contribute to make the provision of the services more attractive to potential suppliers.
21. **Resilience:** awarding most services to a single contractor, even though it could lead to efficient service costs and a simpler contract to manage, will increase the risks if the contractor fails to deliver the services to the expected performance standards. The proposed lot structure, and where appropriate the number of different contractors per lot, will be established to make sure the Council can mitigate this risk and ensure effective service delivery.
22. **Deviation from traditional Highways Maintenance contract:** suppliers may expect this contract to be a traditional contract for the maintenance and

construction of highways works. The market engagement will help to communicate the requirements and expectations from the Council and how the works in parks and housing estates will be of a similar nature to those carried out within the highway. Specialised services will be procured in different lots if this is decided to be the best option following market engagement.

23. **Time Scales:** the new contracts will need to go live in April 2026. Should the timeline slip for the new contracts to go live, for Projects and Planned Maintenance, we can use the TfL framework to deliver larger schemes. However, this is not suited to small, reactive work and therefore it is important the new contract is in place to avoid having to seek a contract extension.

### Timetable

24. Estimated timetable for the competition process through to contact commencing.

Action	Date
1. Key Decision Entry (Strategy)	November 2024
2. Contracts Assurance Board (CAB) (Strategy)	December 2024
3. SLT/Cabinet Member/Cabinet Sign off (Strategy)	December 2024
4. Preliminary Market Engagement	December 2024
5. Tender Notice	May 2025
6. Closing Date for Clarifications	July 2025
7. Closing Date for Submissions	August 2025
8. Evaluation of Submissions	August & September 2025
9. Moderation	October to November 2025
10. Award Recommendation Report	November 2025
11. SLT/Cabinet Member (Award)	November 2025
12. Contracts Assurance Board (CAB) (Award)	November 2025
13. Key Decision Entry (Award)	November 2025
14. Assessment Summaries	November to December 2025
15. Contract Award Notice	December 2025
16. Standstill Period Ends	December 2025
17. Contract Engrossment	January 2026
18. Contract Detail Notice	January 2026
19. Contract Mobilisation and Implementation	January – April 2026

Action	Date
20. Contract Commencement Date	1 <sup>st</sup> April 2026

For project management tools you may use the H&F templates available at:  
<https://officesharedservice.sharepoint.com/sites/Project2/docs/Forms/AllItems.aspx>

### **Selection and Award Criteria**

25. The Award Criteria will be allocated as below in line with the requirements of the Council's Contract Standing Orders:  
 Technical Envelope (Quality) 60%  
*Social Value (Part of Technical Envelope (Quality))* 20%  
 Commercial Envelope (Price) 40%  
 Total = 100%
26. The pricing mechanism will be established following agreement on the lot structure.
27. Using the criteria and any sub-criteria that will be used to score Quality, the Council will assess the suppliers' responses to a series of questions (strategic, service delivery and contract management) to evaluate the Quality element of the suppliers' submissions.
28. The relative weightings being given to each of the criteria and sub-criteria to be established following agreement on lot structure.
29. Suppliers will be asked to submit a Social Value Plan which will be weighted as 20% of the total evaluation. The suppliers will be asked to describe the commitments their organisations will make to ensure that opportunities under the contract deliver social value. This plan must be timed and include details of how they will monitor, measure and report the delivery of their commitments.

### **Contract Management**

30. The new contract will include several Key Performance Indicators (KPIs) to manage the performance of the suppliers. The number of KPIs will be assessed to make sure the associated administrative burden on the Council is not significant.
31. The KPI extension model will be developed to give the opportunity for the Contractor to access the 3-year extension if all the Council's KPIs service requirements are achieved or exceeded.
32. KPIs will monitor quality assurance, effective stakeholder engagement and promote economic growth.
33. The Lump Sums & Schedule of Rates will be subject to annual indexation uplift in line with Building Cost Information Service (BCIS) construction data. This will

help to align the pricing with actual market value and minimise the risk of the supplier compromising quality.