

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet Member for Housing and Homelessness, Councillor Frances Umeh

**Date:** 20 May 2025

**Subject:** Extension of Contract for The Provision of Asbestos Surveying and Analytical Services

**Report author:** James Lock, Asbestos Manager

**Responsible Director:** Richard Buckley, Assistant Director Resident and Building Safety

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### SUMMARY

On Thursday, 13 August 2020 approval was achieved for the award of an Asbestos surveying and analytical contract to Tersus Consultancy Limited. This was a five year contract which incepted on the Monday, 28 September 2020. This contract award allowed for the provision of a 24-month extension which could be served in a 12 month + 12-month manner. The total value of this contract (including extensions) was £2,250,000.

The initial contract term expires on the Saturday, 27 September 2025 with a provision to extend for up to two 12-month periods. Given the satisfactory performance of Tersus Consultancy Limited, the report now recommends the extension of the maximum 24-month contract extension term. This extension will be in line with the same contract terms. Given the increase in work volumes however, this report recommends increasing the total contract value to £2,470,173.84.

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### RECOMMENDATIONS

1. Approval of the extension of the existing Tersus Consultancy Limited Asbestos surveying and analytical contract for 24 months, applicable covering the term of Saturday, 27 September 2025 to Monday, 27 September 2027.
  2. Approval to vary the contract by increasing the contract value from £2,250,000 to £2,470,173.84.
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**Wards Affected:** All

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| Our Values                 | Summary of how this report aligns to the <a href="#">H&amp;F Corporate Plan</a> and the H&F Values              |
|----------------------------|---|
| Building shared prosperity | Well maintained and safe homes are an important foundation for our tenants' prosperity. The contractor has made |

| Our Values                                     | Summary of how this report aligns to the <a href="#">H&amp;F Corporate Plan</a> and the H&F Values  |
|--|---|
|  | social value commitments relevant to this priority – around apprenticeships, training and employability schemes as well as financial donations to local food banks and charities which have been delivered under the current term and will be added to with the contract extension.   |
| Creating a compassionate and inclusive council | The contract sets high standards in relation to customer experience, dignity and respect, and equality. The contractor has delivered to these principles over their initial contract term.  |
| Doing things with local residents, not to them | Residents' forums and Tenants' Associations were involved in the design of the long-term repairs model including asbestos, through workshops and consultations. The insights leveraged through these channels will remain in place during the extension term of this contract.  |
| Being ruthlessly financially efficient         | <p>The Asbestos Surveys contractor was chosen partly on the basis of their price (a 70:30 quality to price ratio was applied). The procurement process involved a two-week negotiation period to ensure there was absolute clarity about the commercial model and payment terms in the contract. This ensured bidders priced correctly and the risk of future disputes were minimised.</p> <p>The commercial model in the long-term Asbestos surveys contract was carefully designed to reflect lessons learned from the interim model and ensure greater value for money for LBHF.</p> <p>Over the term of the contract cost saving initiatives have been introduced in conjunction with Tersus including the reduction of reinspection cycles for low-risk materials.</p> <p>On the above bases, we believe that the cost control and verification mechanisms</p> |

| Our Values  | Summary of how this report aligns to the <a href="#">H&amp;F Corporate Plan</a> and the H&F Values  |
|---|---|
|   | implemented within the procurement and contract lifecycles have been robust and value for money.  |
| Taking pride in H&F   | The Asbestos Surveys contract has a focus on IT integration, data analysis and data-driven decision making that is innovative and is intended to help H&F achieve an exemplary Asbestos Survey service. This ambitious model supports our goal of offering a service to be proud of.  |
| Rising to the challenge of the climate and ecological emergency | Tersus Consultancy Limited have achieved their 'Environmental Management System: BS EN ISO 14001:2015'. Furthermore, they proactively report on their environmental performance and provide us with a copy of this report. This report allows us to assess and evaluate their 'Products, Planet, People' Sustainability Plan to ensure that they are striving to improve in line with our ambitions regarding this corporate value. |

## Financial Impact

The report seeks to extend the current contract by a further two years. The total value of the seven-year contract will be £2,470,174. This is £220,000 greater than the value of the current approved contract value and is due to increases in works volumes.

The costs will be funded from the current revenue budget allocated to asbestos (cost centre H78250) of £353,000 within the Resident and Building Safety division of the Housing Revenue Account. The current yearly average spend since the beginning of the contract is £346,000 per annum. The expected spend for the next two years is £353,000 per annum. The total costs of the contract over the 7-year period will therefore be contained within the approved budget.

Finance will work with the service to identify and correctly account for any capital costs that are incurred.

A CreditSafe report showed a credit score of 76 (low risk) and a contract limit of £5,900,000. Payments to the contractor are only made once work has been completed to a satisfactory standard and the service will continue to monitor the supplier's performance.

*Mark Collins, HRA Principal Accountant, 13 May 2025*

*Verified by Danny Rochford, Head of Finance (Housing), 14 May 2025*

## **Legal Implications**

The Council has the power to procure these services as part of its functions as a landlord under the Landlord and Tenant Act 1985 and as a local housing authority under the Housing Act 1985.

The value of the contract means that the Public Contracts Regulations 2015 (PCR) apply to it so that any variation or extension needs to be permitted under Regulation 72 of the PCR.

Modifications of contracts are permitted if they were provided for in the original contract provided they state the scope and nature of the proposed changes, and these do not alter the overall nature of the contract. The extension was provided for in the original contract which set out the scope and nature of the option to extend. It is therefore permitted under regulation 72(1)(a).

The increase in the cost of the contract is permissible on the basis that it is not substantial within the meaning of regulation 72(1)(e). This is because the contract is not materially different in character as a result of the change, there is no reason to believe it would have made a material difference in terms of the response from the market to the original procurement, nor does it change the economic balance of the contract or extend its scope considerably.

This is a high value contract for the purpose of the Council's Contract Standing Orders. Contracts which fall above the PCR threshold can be varied provided they are permitted under regulation 72. The proposed changes are therefore compliant with Contract Standing Orders.

*John Sharland, Special Projects Lawyer, 28<sup>th</sup> January 2025*

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## **Background Papers Used in Preparing This Report**

N/A.

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## **DETAILED ANALYSIS**

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

1. In August 2020, on the completion of a procurement exercise, an Asbestos surveying and analytical contract was awarded to Tersus Consultancy Limited. This was a five-year contract running from the Monday, 28 September 2020 to

Saturday, 27 September 2025. This contract had the provision of a 24-month extension which could be served via two 12-month extension periods.

2. Throughout the initial contract term, Tersus Consultancy Limited has consistently provided a good service and have been responsive and flexible to both routine and emergency requests. As well as this, Tersus Consultancy Limited have demonstrated great sensitivity to the needs of LBHF residents and with this, no customer complaints have been received in the last 12 months.
3. Tersus has consistently delivered against the programme of periodic reinspections allowing the Council to report between and 96% and 100% for compliance with Regulation 4 of the Control of Asbestos Regulations and 99-100% against the Tenant Satisfaction Measures introduced under the new Consumer Standards. Progress on the programme of domestic surveys has seen an increase of 22% over the term of the contract resulting in asbestos information held for 74% of domestic properties.
4. Tersus has consistently delivered within the agreed contractual Key Performance Indicators (KPIs) which measure the elements of the service which are critical to resident safety and the efficient delivery of repairs and voids.
5. The bespoke rates in Tersus' contract were based on a competitive tendering process in 2020 and have been uplifted annually in line with the Consumer Price Index (CPI). The upward trend in costs across the construction sector in the last 5 years including those linked to labour and employment would indicate that re-procurement would not result in reduced rates or better value for money.
6. Moreover, it is important to note that the many information sources indicate that construction costs, particularly in the last 3 years have risen faster than CPI. The fact Tersus has not sought to request uplifts of this nature is again testament to their professionalism and efficiency.
7. Alongside the performance and cost benefit business case for remaining with our incumbent contractor, we also believe there are benefits to service continuity over the immediate term.
8. Firstly, the successful delivery of repairs, voids and damp and mould works are incumbent on the efficiency of the asbestos surveying and analytical processes. New requirements under the Social Housing (Regulation) Act including the introduction of Awaab's Law mean the Council must meet new standards and timescales. During this period of change (including the onboarding of new repairs contractors) maintaining consistency and continuity with the delivery of asbestos surveys is recommended to absolutely ensure that this objective is achieved.
9. Moreover, the Council is part way through a project to migrate asbestos information from the existing register system to an integrated solution. Tersus has been responsive to the new data requirements and flexible to accommodate the required changes and are key stakeholders in the project. Therefore, continuing with Tersus Consultancy Limited may help the overall improvement of our data migration project whereas introducing a new

contractor could add disruption due to time being needed for orientation related tasks.

10. Given the rationale discussed in paragraphs 3-9, we therefore recommend extending the Tersus Consultancy Limited contract for the entire 24-month term.
11. The existing contract was approved at a value of £2,250,000 for the total 7-year term. The current spend of the contract has been £1,420,172.88.
12. It is anticipated that in years 5-7 of the contract, £1,050,000 worth of work orders will be issued meaning that the total contract spend for the full term will amount to £2,470,173.84. Given that the initial contract was let at £2,250,000 we therefore estimate an overspend of £220,173.84.
13. We also recommend varying the contract by increasing the overall contract value by £220,173.84 from the initial £2,250,000 sum to £2,470,173.84.

### **Reasons for Decision**

14. Hammersmith and Fulham Council has a legal obligation to ensure its properties are maintained and as a landlord it needs to carry out Asbestos surveys to identify Asbestos before intrusive repairs are carried out as well as to periodically inspect asbestos in non-domestic areas. This is a vital service to maintain Health and Safety of residents and contractor staff.
15. The existing contract award was based on a competitive tendering process in line with the Public Contracts Regulations 2015. The Final Tenders received were evaluated by the Council's evaluation team against published evaluation criteria. As the Contractor recommended for appointment, Tersus were identified as the most economically advantageous tenderers having applied the evaluation criteria.

### **Equality Implications**

16. There are no direct negative implications for groups with protected characteristics, under the Equality Act 2010, by the approval of these proposals.

### **Risk Management Implications**

17. Whilst it is noted that to date Tersus Consultancy Limited have supplied a quality service, there remains nevertheless a risk that any extension of this length may be accompanied in a deterioration in service or delivery quality, or that, at a critical juncture additional funding is requested.  
To mitigate these risks, it is advised that regular reporting and communication is maintained, and that finances (budget tracking) is entrenched to forewarn against financial concerns.
18. There is a regulatory risk that legislative changes may impact delivery and associated costs. This risk must be accepted but it is advised that continuous monitoring of laws, regulations, and sector announcements is undertaken.

*Jules Binney, Risk and Assurance Manager, 28<sup>th</sup> January 2025*

## **Climate and Ecological Emergency Implications**

19. Tersus Consultancy Limited have achieved their 'Environmental Management System: BS EN ISO 14001:2015'.
20. Compliance against this ISO standard requires businesses to identify and manage the environmental aspects and impacts resulting from their operations, products and services. The standard assists organisations to manage ecological risks effectively and improve environmental performance.
21. As well as compliance against this ISO standard, this supplier provides us with their environmental performance report which offers further detail regarding their 'Products, Planet, People' Sustainability Plan.

*Verified by Hinesh Mehta, Assistant Director Climate Change, 03/12/2024*

## **Procurement Implications**

22. Where the original contract has the option to extend built in, the Contract Manager must notify the supplier of the Council's intention to extend, in line with the contract terms and conditions, and upload all associated documents and records (e.g., the extension, acknowledgement, etc.) to the Council's eProcurement portal.
23. Additionally, this report seeks to vary the contract value by £220,173.84 (9.79%), therefore the scope of any previous variation(s) must be considered in the aggregate to understand what percentage of the contract value this relates to, to ensure the variation is compliant in line with [Regulation 72 \(Modification of Contracts During their Term\)](#) of the [Public Contracts Regulations 2015](#)

*Chris Everett, Category Lead – Procurement and Commercial, 2<sup>nd</sup> December 2024*

## **Local Economy and Social Value**

24. The original tendering exercise factored in social value within the evaluation weighting.
25. The contractor made contractual social value commitments in relation to apprenticeships, training and employability schemes as well as financial donations to local food banks and charities which have been delivered under the current term and will be added to the contract extension.
26. The contract manager and supplier will engage with the council's Social Value Officer to confirm these enhanced commitments and agree on a reporting mechanism for the duration of the contract.

*Harry Buck, Social Value Officer, 6<sup>th</sup> February 2025*