

<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET DECISION</p> <p align="center">5 FEBRUARY 2018</p>		
<p>APPROVAL TO PROCURE A MAJOR WORKS CONTRACTOR TO DEVELOP SANDS END ARTS & COMMUNITY CENTRE</p>		
<p>Report of the Cabinet Member for Economic Development & Regeneration, Councillor Andrew Jones</p>		
<p>Open Report</p>		
<p>Classification: For decision Key Decision: Yes</p>		
<p>Consultation: Finance, Legal and Procurement</p>		
<p>Wards Affected: Sands End Ward</p>		
<p>Accountable Director: Jo Rowlands, Lead Director of Regeneration, Planning & Housing</p>		
<p>Report Author: Matt Rumble, Head of Area Regeneration,</p>		<p>Contact Details: Tel: 07786747488 E-mail: Matt.Rumble@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report updates on the Council's progress in implementing February 2017 Leader's decision to procure a Design Team to develop plans at the former Sands End Community Centre.
- 1.2. A Cabinet Member Decision Report (9th November 2017) was approved to progress the procurement of an Enabling Works Contractor to start on site in early 2018.
- 1.3. Cabinet approved the creation of a 'Community Trust' to oversee the operations of the Sands End Arts and Community Centre (SEA & CC) on 4th December 2017.
- 1.4. A planning application for the SEA & CC was approved by the Planning and Development Control Committee (PADCC) on 5th December 2017.

- 1.5. Officers now seek Cabinet approval to next stage of the programme which includes:
- Approval to proceed with the proposed designs for the SEA & CC.
 - Procurement of a Main Works Contractor to develop the site.

2. RECOMMENDATIONS

- 2.1. To approve the designs for the new Sands End Arts and Community Centre.
- 2.2. Authority to implement the Procurement Strategy (Appendix 1) for Phase 2 relating to the 'Major Works Contractor' which has an estimated value of £2.5m.
- 2.3. Delegate authority to the Lead Director for Regeneration, Planning & Housing Services in consultation with Cabinet Member for Economic Development and Regeneration to appoint the successful contractor.

3. REASONS FOR DECISION

- 3.1. The Council has committed to redeveloping the Sands End Community Centre on the site of the existing Clancarty Lodge Depot in South Park, Fulham. The key aim is to deliver a sustainable community asset for local residents.

4. PROPOSAL AND ISSUES

- 4.1. The new centre will provide a range of flexible new spaces for community use, changing rooms and WC's, a café, and a nursery within a new single storey structure totalling 760sqm. The existing Clancarty Lodge will be refurbished and extended to provide community space for residents to use.
- 4.2. Detailed planning permission has now been achieved for the scheme to redevelop the existing Clancarty Lodge and depot site.
- 4.3. An Enabling Works Contractor will start on site early February 2018 to carry out all preparatory works by April 2018. There will be some selective demolition of existing structures, though Clancarty Lodge itself is to be retained and re-modelled as part of the new Centre.
- 4.4. The procurement exercise can be run directly by Officers with support from Procurement Services using the CapitalESourcing procurement portal to manage the process.
- 4.5. The tender returns will be a fixed sum and JCT Intermediate Building Contract with Contractor's Design 2016 (ICD2016) contract will be entered in to.
- 4.6. It is anticipated that the procurement process will require a 6 – 8-week tender period, which includes a Selection Questionnaire (SQ) process, followed by an Invitation to Tender (ITT).

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. **Option 1:** Do nothing.
- 5.2. **Option 2:** Run an open public procurement process and select a major works contractor.
- 5.3. **Option 3:** Access existing Frameworks such as the London Construction Programme Framework or Southern Construction Framework and carry out mini-competitions.
- 5.4. Officers recommend progressing Option 2 and further details of the options and recommendations are set out in Appendix 1 – Procurement Strategy.

6. CONSULTATION

- 6.1. Further details are set out in Appendix 1 – Procurement Strategy.

7. EQUALITY IMPLICATIONS

- 7.1. There are no specific equalities implications concerning this report or the open procurement process recommended for approval in this report.
- 7.2. *Implications verified by Peter Smith Head of Policy and Strategy, 020 8753 2206*

8. LEGAL IMPLICATIONS

- 8.1. The value of the proposed works contract falls below the threshold requiring full compliance with the Public Contract Regulations 2015 ("PCR"). There is therefore no requirement for the Council to publish an OJEU contract notice.
- 8.2. However, the Council must still comply with Part 4 of the PCR which requires that:
 - 8.2.1. where the opportunity is advertised by the Council (e.g. on CapE), an advertisement must also be placed on the Government's Contracts Finder. The contract award notice must also be published on Contracts Finder
 - 8.2.2. The Council does not include a pre-qualification stage in the procurement (for the purposes of the reducing the number of candidates who proceed to a later stage of the procurement)
 - 8.2.3. Where the Council assesses suitability of tenderers, it uses the Crown Commercial Services' standard selection questionnaire

- 8.3. Officers should ensure that all contractual terms (including any necessary amendments or additional to the JCT contract) are sent out with the tender documents. Legal services can provide any assistance on this that may be required.
- 8.4. Under Contract Standing order 17.3.1 provided the successful tender is within 10% of the estimated contract value (of £2.5m) the contract can be awarded by the Cabinet Member

Implications verified/completed by: Catherine Tempest, Senior Solicitor (Contracts), telephone 02087532774

9. FINANCIAL IMPLICATIONS

- 9.1. There is £2.6m allocated in the Councils' capital budget for the development of the Sands End Arts & Community Centre which is sufficient for the anticipated £2.5m value of the works. The budget is made up of a combination of s106 and grant funding from Tideway.

S106 Funding

- 9.2. The s106 element of the budget comprises of £1.6m from the Stamford Bridge Section 106 agreement. The Planning Change Manager has confirmed that the s106 funding available for the project is £2m which exceeds what is in the budget (see section 10). The excess £0.4m can be held back as contingency for the works contract and if not needed can be used for other development or operational costs associated with the Community Centre.

Tideway Grant Funding

- 9.3. The grant funding element of the budget amounts to £1m of the £2m total grant funding to be paid to the council from Tideway.
- 9.4. The funding agreement specifies that £1m must be allocated for spend on the main structure (capital) which is what is in the budget. The remaining £1m is more flexible and can be used for expenditure on fit out, medium term operation, other land assembly and third-party costs.

Implications verified/completed by: Firas Al-Sheikh, Acting Head of Financial Investment and Strategy, Ext. 4790.

10. S106 IMPLICATIONS

- 10.1. The S106 funding for this project will be from the S106 agreement for the Stamford Bridge development, the Council currently holds £2m specifically for this purpose. The funds cannot be used for any other purpose as such it is legitimate to commit them to this project.

Implications verified/completed by: Peter Kemp, Planning Change Manger, Ext. 6970.

11. IMPLICATIONS FOR BUSINESS

11.1. The construction contract and employer's requirements will place an obligation on the successful bidder to:

- undertake targeted recruitment and training for local residents
- encourage the use of local supply chains

11.2. As part of the procurement exercise bidders will be scored on their approach community engagement, local supply chain, local labour and training opportunities.

11.3. The procurement of a Major Works Contractor includes opportunities to include this and this is further discussed under section 6 of Appendix 1.

Implications verified/completed by: David Burns, Head of Housing Strategy, Ext. 6090.

12. COMMERCIAL & PROCUREMENT IMPLICATIONS

CONTRACT AWARD CRITERIA

12.1. In assessing the Major Works Contractor tenders, it is proposed that the submissions will be judged 60% on quality and 40% on price.

Quality proposals (60%) to be based on:

Bidders will be expected to provide information regarding: programme of works, risk management, method statement and local investment.

Price proposals (40%) to be based on:

Bidders will be expected to provide a single cost for carrying out the construction works.

PROCUREMENT PROCEDURE

12.2. The estimated value of this procurement is £2.5m. This is under the statutory financial threshold for works, currently set at £4,104,394. According to the Contracts Standing Orders (CSOs), an open tender procedure should follow. A contract notice will not be placed on Tenders Electronic Daily (TED).

12.3. An opportunity listing will be placed on Contracts Finder and on the Council's e-tendering system, capitalEsourcing.

12.4. A Tenders Appraisal Panel will evaluate the tender returns and all evaluation and moderated scores will be logged on the e-tendering system for a good audit trail.

12.5. Implications completed by: Andra Ulianov, Procurement Consultant. Telephone 020 8753 2284.

13. IT IMPLICATIONS

13.1. There are no IT implications for this programme.

13.2. Implications completed by: Matt Rumble, Head of Area Regeneration.
Telephone 07786 747 488

14. OTHER IMPLICATION PARAGRAPHS

Risk Management

14.1. A summary of the key risks is listed below:

Risk	Mitigation
Lack of market interest / failure to appoint a contractor and impact on the programme	Soft market testing has already begun and clear market appetite has been demonstrated
Poor quality bids and bidder appointed to the framework	Clear brief and ITT Clear ITT questions on quality of delivery
Failure to meet timetable	Clearly planned project plan and careful management project risks

14.2. The project has a risk register which is updated and reviewed by the programme board.

14.3. As quality is a key consideration for the programme, Officers will ensure objectives are met by providing robust specifications and ensuring all pertinent issues are covered in the employer's requirement.

14.4. Appropriate due diligence will be undertaken at throughout the construction programme.

15. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.