



City of Westminster

## Cabinet Member Report

**Decision Maker:** Cabinet Member for Finance & Council Reform

**Date:** 13 February 2023

**Classification:** Part Exempt

The Part B of this report is currently exempt from disclosure on the grounds that (i) it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, (ii) it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings under paragraph 5 of Schedule 12A of the Local Government Act 1972; (iii) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information

**Title:** The appointment of a Planned Maintenance Contractor at Huguenot House

**Wards Affected:** St James's

**Key Decision:** Yes

**Financial Summary:** The contract value submitted by the successful bidder is £1.69m

**Report of:** Executive Director for Finance & Resources – Gerald Almeroth

### 1. Executive Summary

- 1.1 This report sets out the proposed contract award for the planned maintenance works at Huguenot House, 41 Whitcomb Street, London WC2H 7DT. Following a competitive tender process, in which 3 bids were evaluated, a contract is proposed to be award to **United Living (South) Limited** (Companies House registration no,

**817560**) as their bid was the highest scoring and is the most economically advantageous tender received.

- 1.2 This report sets out the recommendation to formally award a Joint Contracts Tribunal Intermediate Building Contract with Contractors Design (JCT IBC) contract to United Living (South) Limited for the works. The scope of these works and the rationale for carrying them out are set out in the body of the report.

## **2. Recommendation**

- 2.1 To approve the contract award of a JCT IBC contract for planned maintenance works at Huguenot House to **United Living (South) Limited (817560)**.

## **3. Reasons for Decision**

- 3.1 Huguenot House includes 35 residential flats and the works described in this paper are comprised mainly of essential health and safety works to the residential part of the building. A proportion of the roof and render works will be charged to the commercial tenants. The scope of works has been scrutinised to ensure that only essential works are carried out. The works mainly comprise external refurbishment to the external part of the building comprising of eight upper floors including associated minor internal making good works to include:

1. New windows.
2. Roof works including new fall arrest/guardrail system to main tower block roof.
3. Fire alarm work.
4. Concrete and render repairs including any necessary testing and making good.

- 3.2 The building will need to be scaffolded to ensure safe access and the cost of this is included in the price submitted by United Living. Testing of the render will determine whether any repairs to the render are required.

- 3.3 A report at Appendix A from Faithful & Gould sets out the rationale for completing these works. In summary the report advises that there is evidence of a significant lack of maintenance to the external fabric of the building that is expected to have spanned across a substantial period of time. Failure to complete the recommended

repairs will impact the general operation of the building and more significant repairs may be required within the proposed 5-year time period.

#### **4. Procurement Process**

- 4.1 A tender process commenced on 30 June 2022 with 7 companies invited to submit tenders for the work. A comprehensive tender pack was issued compiled by Faithful & Gould. Three high quality bids were received and following a thorough evaluation process overseen by the Procurement Team and which included site visits, United Living (South) Limited is the highest ranked bidder for both Commercial /Technical responses.
- 4.2 Bids received were of a high standard but there is a clear differential between United Living (South) Limited and the other two bidders with a differential score of 17.2%. United Living (South) Limited has submitted a compliant bid which is within the allocated budget for the project.
- 4.3 In one technical response United Living (South) Limited were felt to offer innovation and added value and so scored a maximum 5, which was not achieved by any other bidder following moderation. For all Technical responses United Living (South) Limited scored at least 4 (out of 5) which is deemed a good response. This provides assurance that they have understood the requirements of the project and have the ability to complete the works to a high standard.
- 4.4 Tenders received were reviewed in 2 stages as follows:  
Stage 1 – Compliance with the qualification envelope – led by Procurement  
Stage 2 - Quality and Price Award criteria (Technical & Commercial Envelopes)
- 4.5 All tenderers were found to be compliant, and their responses were passed as able to proceed to Technical and Commercial Evaluation.
- 4.6 The tenders were evaluated on the following award criteria as stipulated in the ITT:  
**40% - Commercial Workbook**  
Bidders Total Tendered Price was evaluated based on the total of:

- Construction Cost (including Management & Fees) +
- Defined Preliminary costs

### **60% - Quality/Technical**

Bidders were evaluated on the following question headings, based on a 0-5 scoring matrix:

- Programme - 10%
- Human Resources- 10%
- Management Procedures - 10%
- Stakeholder Management - 10%
- Sub-Contractors - 10%
- Responsible Procurement - 10%

### **Commercial Evaluation – 40%**

The commercial responses were evaluated by the appointed multi-disciplinary consultant (Quantity Surveyor). The Commercial Score for all bidders is as set out in the table below. The Tender prices below include a contingency.

<b>Contractor</b>	<b>Total Tendered Price Submitted</b>	<b>Commercial Score (weighted)</b>	<b>Commercial Scoring Rank</b>
United Living	<b>£ 1,685,115.12</b>	40%	1 <sup>ST</sup>
Contractor B	<b>£ 2,052,937.23</b>	32.8%	2 <sup>nd</sup>
Contractor C	<b>£ 2,063,246.80</b>	32.7%	3 <sup>RD</sup>

United Living bid £367,822 less than the second ranked bidder. Analysis of costs reveals that this cost difference is mainly attributable to a different window supplier that has been identified by United Living (South) Limited. A clarification was raised, and the supplier confirmed the windows would meet the specification as outlined. The evaluation team have confirmed that this response is acceptable, and the price submitted is valid.

The Commercial Gateway Review Board (CGRB) on 27 September 2022 considered a paper outlining the procurement exercise and endorsed the recommendation to progress the appointment of United Living (South) Limited subject to Cabinet Member approval.

## **5. Programme and Engagement**

- 5.1 The construction period is 25 weeks at the sum of £1,685,115.12 (excluding VAT). Prior to award of the contract and in line with Section 20 of Leasehold Reform Act (1967), a consultation will be carried out to all leaseholders informing them of the preferred bidder and contract sum. During this time leaseholders are able to raise questions regarding the bid. In addition, a residents meeting will be held during the 30 day, Sec 20 consultation period with both the HHRA and all residents so that any questions and concerns can be discussed. It is anticipated that the works will commence on 03/01/2023, following the conclusion of the Section 20 leasehold consultation.
- 5.2 Throughout the duration of the contract there will be regular face to face meetings arranged for all residents to receive updates and discuss any concerns that they may have. A regular newsletter will also be sent to all residents to keep them updated on progress. There will also be drop-in sessions arranged when the contractor will be available, together with their dedicated Resident Liaison Officer to answer any questions and to address concerns. Further opportunities through use of a dedicated email, letter, 24-hour phone number and face to face meetings for individual residents will also be available to ensure open communications.
- 5.3 An initial legally required Section 20 notice has been served on residents and a specification of the works have been provided to all residents and the Huguenot House Residents Association (HHRA). A meeting took place with the HHRA on 16 September 2022. Liaison and negotiation with the resident leaseholders who members of the HHRA will continue to be undertaken. A follow up meeting with all residents and the HHRA will be arranged, to include the contractor once they have been appointed and after the service of the second Sec 20 notice that will detail the result of the tendering process and the proposal to appoint United Living.
- 5.4 It is appreciated that some residents may find it difficult to pay any large bills that may be associated with the major works. If residents find it difficult to pay their major works bill council staff will be able to assist and develop affordable payment plans if required. A proposed payment plan for Huguenot House residents is shown in the table below:

INVOICE AMOUNT	PAYMENT OPTIONS AVAILABLE
£200 – £2000	If the bill is under £2,000 residents can spread payments over a year in 12 equal monthly payments No interest or administration fee will be payable
£2000 and above	If the bill for more than £2,000 residents can spread payments over two years in 24 equal monthly payments No interest or administration fee will be payable
£5000 and above	If residents receive a bill for more than £5,000 residents may be able to spread payments up to five years To be eligible residents must live in their property as their main home and not own any other property Years one and two no interest will be charged Years three, four and five interest will be charged at one per cent above the Bank of England base rate An administration fee will be payable at the beginning of the scheme.

## 6. Financial Implications

6.1 The Capital allocations the monies will be drawn from is available from an allocation in the capital programme for works at Huguenot House. The total allocations in the capital programme over the period of works being:

2022/ 23 – 3.72m

2023/ 24 – 1.50m

6.2 There is scope to re-profile monies from 2022/ 23 to 2023/ 24 and from 2024/ 25 (£1.5m) to 2023/ 24. There is also sufficient headroom for any unexpected works which may be uncovered following intrusive surveys/ works.

6.3 Marginal Revenue Provision (MRP) is applicable on the net requirement and is currently set at 4% per annum over the life of the asset, this currently equates to

£0.027m per annum. MRP relating to the capital programme is budgeted for in the financial remit model.

- 6.4 Any supplier undertaking works for the City Council under the scope of Construction Industry Scheme must be registered under the scheme to ensure the correct treatment of input tax.

## **7. Legal Implications**

- 7.1 The report is seeking authority to award a contract for works to United Living (South) Limited. The value of the proposed works is estimated at circa £1,685,115.12 (excluding VAT).
- 7.2 Para 3 outlines the procurement process for the purposes of compliance with both the Procurement Code and Chapter 8 Public Contracts Regulations 2015.
- 7.3 The resultant contract will be in the form of a Joint Contracts Tribunal Intermediate Building Contract with Contractors Design (JCT IBC) contract 2016.
- 7.4 The value of these works falls within scope of key decision and the report makes it clear that a cabinet member decision will be required.
- 7.5 The contract will be completed under seal and legal must be consulted for the purposes of engrossment.

## **8. Carbon Impact**

- 8.1 Maintaining our properties when the fabric or components fail, ensures that the buildings operate as efficiently as possible. As components reach the end of their life, and in particular the windows and roofs the best replacement parts have been accessed having due regard to initial capital costs, lifecycle, annual maintenance costs and carbon impact. Carbon impact has also been accounted for in work methodologies and recycling of materials as much as possible.

## **9. Consultation**

- 9.1 All Councillors in the St James's ward have been consulted on the proposed works by email, but no replies or comments have been received.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

Kevin Dey [kdey@westminster.gov.uk](mailto:kdey@westminster.gov.uk)

## **APPENDICES**

Appendix A Huguenot House - Review of Scope of Works by Faithful & Gould

## **BACKGROUND PAPERS**


None



For completion by the **Cabinet Member for Finance & Council Reform**

**Declaration of Interest**

I have no interest to declare in respect of this report

Signed:  Date: 13 February 2023  
NAME: **Councillor David Boothroyd**

State nature of interest if any:

\_\_\_\_\_  
\_\_\_\_\_

*(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled “The appointment of a Planned Maintenance Contractor at Huguenot House” and reject any alternative options which are referred to but not recommended.

Signed: 

Cabinet Member for Finance & Council Reform

Date: 13 February 2023

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

\_\_\_\_\_  
\_\_\_\_\_

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.