

LONDON BOROUGH OF CAMDEN	WARDS: Kings Cross
REPORT TITLE Building Safety Fund, Cromer Estate – award of contract (SC/2021/18)	
REPORT OF Director of Property Management	
FOR SUBMISSION TO Cabinet Member for Better Homes	DATE 29 June 2021
STRATEGIC CONTEXT <p>Our Camden Plan sets out how the Council will respond to the vision for our community as described in Camden 2025. Improving housing conditions is core to reducing inequality for the Council’s residents; renewing external wall insulation for the blocks eligible for the Building Safety Fund, to the latest specifications, will help achieve this.</p> <p>In addition to this work, a requirement for the contractor to pay London Living Wage will be included in the tender and the Council asked the supplier to set out its Social Value offer as part of its submission, including the provision of local employment and / or training opportunities through work with the Council’s Kings Cross Construction Skills centre.</p>	
SUMMARY OF REPORT <p>This report seeks approval to enter into contract with a contractor (Lawtech Ltd) that can undertake the replacement of the external wall insulation on up to 11 blocks at the Cromer Street estate, three of which meet the criteria set out in the Building Safety Fund. The report is being submitted as an urgent item to the Cabinet Member as the contract award should be issued by end of June 2021 to meet Government timescales set out for the fund. These require successful bidders to commence works on site before the end of September 2021. At this stage the Council will instruct the work for the three blocks with grant funding, this having an estimated value of £3m, and if the additional blocks are added the maximum value of the contract would be £9.34m</p> <p>The procurement strategy was approved by the Leader on 14 October 2020. This contract is being awarded in line with the approved strategy and the report is coming to the Cabinet Member because Contract Standing Orders require that approval to enter into a contract over a value of £5m must be given by the relevant Cabinet Member.</p> <p>Local Government Act 1972 – Access to Information No documents that require listing were used in the preparation of this report.</p>	

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RECOMMENDATIONS

- (i) That the award of contract to Lawtech Ltd is approved for the replacement of the external wall insulation on up to 11 blocks on the Cromer Street Estate with an estimated total construction value of £9,333,973.
- (ii) That Option 2 be agreed as set out in paragraph 3.1, whereby instruction is given to commence work to the three blocks with grant funding, with the ability to add the 8 smaller blocks following a review of the scope of works.
- (iii) That, subject to the agreement of the Chair of the Housing Scrutiny Committee, the above decision be exempt from call in for the reasons set out in paragraph 1.1 of the report.

Signed:



Date: 18 June 2021

1. CONTEXT AND BACKGROUND

- 1.1 This report seeks approval to enter into contract with a contractor (Lawtech Ltd) that can undertake the replacement of the external wall insulation on up to 11 blocks at the Cromer Street estate, three of which meet the criteria set out in the Building Safety Fund. The report is being submitted as an urgent item to the Cabinet Member as the contract award should be issued by end of June 2021 to meet Government timescales set out for the fund. These require successful bidders to commence works on site before the end of September 2021. At this stage the Council will instruct the work for the three blocks with grant funding, this having an estimated value of £3m, and if the additional blocks are added the maximum value of the contract is £9.34m.

2. PROPOSAL AND REASONS

- 2.1 In March 2020 Government set up a £1 billion fund for the remediation of non-Aluminium Composite Material (ACM) facades on residential buildings over 18 metres in height. The Ministry of Housing, Communities and Local Government (MHCLG) issued a funding prospectus and invited landlords to register expressions of interest for funding on individual buildings. Camden expressed an interest in the fund.
- 2.2 The next stage of the process required the Council to provide supporting information to evidence its response around the materials within the external wall system on the buildings and show that these meet the fund criteria. The blocks deemed eligible are all on the Cromer Estate, they are safe to occupy however the current insulation does not meet the latest regulations for tall buildings.
- 2.3 MHCLG have recently informed us that 3 of the 11 blocks on the Cromer Estate are eligible for the funding which should result in Camden receiving c. £3m of funding.
- 2.4 A two-stage process was approved by the Leader on 14th October 2020 whereby a supplier is appointed, detailed design work carried out and firm tender prices submitted at the end of the design process. The preferred supplier is a firm called Lawtech Ltd who have delivered a number of similar projects across the UK. A Pre-Construction Services Agreement (PCSA) was awarded to them, and they have now submitted a contract price for the main works. The Hyde Framework Agreement allows a direct award to them as they are the contractor who submitted the most economically advantageous tender when the Framework was established. An evaluation / cost analysis has been undertaken by Capital PPC, an Employer's Agent working on Camden's behalf on this project, who have advised that the tender from Lawtech Ltd is value for money. This report is to seek approval to go into contract with Lawtech Ltd and for the programme of works to progress.
- 2.5 This report is necessary as Contract Standing Orders specify that the award of proposed capital contracts in excess of £5m must be approved by the relevant Cabinet Member.

- 2.6 The scope of works includes for the removal of the existing external wall insulation system to each block in scope and for the replacement with a new external wall insulation system to meet current Building Regulations. The new insulation will also have improved thermal insulation properties and will improve the appearance of the blocks as the current insulation and rendered finish is approaching 20 years in age.

3. OPTIONS APPRAISAL

- 3.1 The procurement timelines are driven by the requirement set out by MHCLG with confirmation that the works are able to commence on site before end of September 2021. The various procurement options were already outlined in the procurement report 'Building Safety Fund – procurement of a contractor (SC/2020/97)' which recommended the use of the Hyde Framework to commission this piece of work. The options available now are:

Option one: Enter into to contract with Lawtech Ltd for the 3 funded blocks only

This would see the Council enter into a contract for just the three blocks that are funded. The Council would then review the scope and procurement options for the work across the 8 remaining blocks.

This approach is not recommended as procuring the work separately for the 8 blocks would reduce the economy of scale and introduce additional costs for the Council and the Housing Revenue Account.

Option two: Instruct the work for the three funded blocks to meet Government timelines and include a provision for the 8 smaller blocks to be added

This is the recommended option as it provides flexibility and will allow the Council to add the 8 smaller blocks to the contract with no additional procurement costs. The Council will initially focus on the delivery of works to the 3 grant funded blocks to make sure it meets Government timescales. In parallel the Council will review the scope of works to the 8 smaller blocks and engage residents on the proposed approach.

Option three: Do nothing

This is not recommended as there is a requirement for the façade at these blocks to be replaced with a new external wall insulation system that will meet current Building Regulations.

Recommendation: It is recommended to go ahead with option 2. Initially the Council will instruct Lawtech to deliver the works to the 3 blocks that have received external funding while it reviews and confirms the scope for the 8 remaining blocks.

4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

- 4.1 The following table summarises any key impacts / risks and how they will be addressed.

Risk / Impact	Mitigation
Experienced delivery team	Lawtech Ltd are a specialist supplier that have delivered similar external wall insulation schemes. They are currently delivering a number of similar projects across the UK for both private and public sector landlords.
Design and quality control	We are seeking input from a specialist Employer's Agent which has delivered similar projects for other large landlords with high rise blocks requiring new insulation.
Public relations and stakeholder engagement	Communication with stakeholders will be key to the success of the delivery of these works. The project team will engage residents on the progress of the funding application and the delivery of works.

5. CONSULTATION/ENGAGEMENT

- 5.1 Stakeholders will be informed of the outcome of the funding bid. Letters will be sent to residents of all of the blocks on the Cromer Estate confirming our successful bid and outlining the next steps. We will be arranging meetings with residents to explain what the works will entail and how they may be affected. We will also arrange for a meet the contractor meeting to provide residents the opportunity to ask questions regarding the works.
- 5.2 We will also talk to residents about the 8 blocks that do not have grant funding as part of the Council's work to review and confirm the scope of works for these blocks.

6. LEGAL IMPLICATIONS

- 6.1 The report recommends the award of a building contract to Lawtech Ltd to undertake works on the Cromer Estate. Lawtech Ltd were appointed under a two stage Pre-Construction Services Agreement (PCSA) which allows the award of the building contract to them at the end of Stage 1. Lawtech Ltd have proposed a contract sum for Stage 2, which the Employer's Agent has advised represents value for money.
- 6.2 Lawtech Ltd were appointed under the terms of the Hyde Framework Agreement which allows the direct award of a two stage PCSA to the Framework Member which submitted the most economically advantageous tender when the Framework was established, which was Lawtech Ltd. Thus, award of this contract will comply with the Public Contract Regulations 2015 and Contract Standing Orders.
- 6.3 CSOs provide the contract is to be awarded by the Cabinet Member for Better Homes.

7. RESOURCE IMPLICATIONS

- 7.1 The report seeks approval to award Lawtech Ltd with a contract, starting with 3 blocks with an option to extend to work on the remaining 8 blocks. The tender sum is £9,333,973 for 11 blocks. The contract will be established with the option to remove or add blocks as required. This option enables the Council to avoid additional procurement costs and once funding is confirmed, proceed with the works more quickly.
- 7.2 It is expected that c. £3m will be funded from the Building Safety Fund for the first 3 buildings (see paragraphs 2.1-2.3). Due to the conditions in the grant to be on site by September 2021, the contract needs to be awarded prior to the final confirmed grant letter being received.
- 7.3 For the remaining 8 blocks, the capital budgets have not yet been added to the capital programme pending consideration of the scope and programme implications.

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 The replacement of the facades at the Cromer Estate will improve the thermal efficiency of the blocks.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 Should this report be approved we will enter into contract with Lawtech Ltd. Mobilisation will take place during the summer of 2021 and works to the three taller blocks would commence prior to the end of September 2021.

10. APPENDICES

- 10.1 There are no appendices for this report.

REPORT ENDS