

LONDON BOROUGH OF CAMDEN	WARDS: Belsize
REPORT TITLE Chalcots Major Works – Blashford Tower Contractor Appointment (SC/2021/14)	
REPORT OF Director of Property Management	
FOR SUBMISSION TO Executive Director Supporting Communities	DATE 2 August 2020
STRATEGIC CONTEXT The Council is committed to replacing the cladding, curtain wall and windows at the Chalcots estate to the highest standard of safety. The Council is engaging with residents during the conclusion of the design process, the procurement process and delivery of the work. In keeping with the Camden 2025 vision, the proposed work at the Chalcots estate is designed to keep residents safe, future proof homes in relation to ventilation and overheating, minimise the cost of future repairs and improve quality of life.	
SUMMARY OF REPORT This report seeks approval for the award of the Pre-Construction Services Agreement (PCSA) for the first stage of the two stage design and build contract for replacing cladding, windows and curtain wall with all associated works to Blashford tower, one of the five buildings on the Chalcots Estate. The award recommendation is based on the Most Economically Advantageous Tender (MEAT), i.e. the highest scoring tender submission in terms of technical compliance, quality and value for money in respect of the criteria set out in the Invitation to Tender. The procurement process to procure the major works for Blashford tower separately (detailed in item 1.2 of this report) reflects the procurement strategy approved by Single Member Decision on 11 November 2020. The Council’s cost consultants, Arcadis, have completed a price evaluation and they have confirmed that the award of this contract does achieve value for money. As is normal in a two stage ‘design and build’ contract, the detailed construction specification and costs of the works are not fully agreed until the detailed design process has been completed. If the PCSA is completed satisfactorily, the final design proposal will lead to a further approval request with detailed construction costs to award the works contract to the recommended contractor and the second stage commences. The Council has secured funding from the Government’s cladding remediation fund for the major works at the Chalcots including Blashford tower. This funding will contribute to the cost of the work to replace the cladding and the curtain wall along with associated professional fees. The report is coming to the Executive Director Supporting Communities because Cabinet resolved at its meeting on 13 May 2020 that authority be delegated to the Executive Director	

Supporting Communities, in consultation with the Cabinet Member for Better Homes, to award the contract following the approved procurement process.

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RECOMMENDATIONS

That, having consulted the Cabinet Member for Better Homes, the Executive Director Supporting Communities approves the proposed contractor appointment for the major works at Blashford Tower on the Chalcots Estate, as set out in the Part II appendix of this report, so that the first stage of the two stage design and build process can commence.

Signed:



Date: 2 August 2021

1. CONTEXT AND BACKGROUND

- 1.1 This report seeks approval to appoint the recommended contractor for the Pre-Construction Services Agreement (PCSA) leading up to the major works at Blashford tower on the Chalcots Estate following a thorough selection process with three competitive tenders.
- 1.2 The appointment is a two stage design and build contract in line with the approved procurement strategy as Blashford tower presents greater complexity in terms of construction sequence and methodology. The PCSA will fully develop the design and approach to the work, including the installation of the specified cladding system, curtain wall and window replacement, renewal of brickwork, installation of a building maintenance unit and associated works, such as the replacement of vents and louvers and radiator replacement. It is estimated that the PCSA will take 47 weeks and during this time the contractor will test the designs and building methods. Upon completion of the first stage, approval will be sought to enter into contract for the second stage and this construction stage is estimated to take 78 weeks including mobilisation and site set up.
- 1.3 With a clear focus on fire safety and adhering to the building safety bill, the Council's objective is to get the best outcome for Blashford in terms of design, specification, quality, value for money, work methods that are resident-centred and work that improves the quality of life for current and future residents. This report sets out the tender process undertaken and the outcome of the evaluation.
- 1.4 The Council has already carried out a range fire safety works on the Chalcots estate, including the removal of the previously installed cladding as well as the installation of new fire resistant front doors and communal doors (both to FD60S standards), completion of the internal fire stopping works in individual flats and in the communal areas.
- 1.5 Substantial work has been completed on the design of the new A1 fire-rated cladding system, with a full system test successfully undertaken. A range of detailed surveys and design work have been undertaken and this work will be finalised through the PCSA ahead of the construction stage commencing.
- 1.6 The procurement programme with timelines were included as part of the new procurement strategy, approved by the Cabinet Member for Better Homes in November 2020 ([SC/2020/100](#)), and the procurement milestones for Blashford tower will have been achieved with the approval of this report.

2. PROPOSAL AND REASONS

- 2.1 This report is necessary as set out Contract Standing Orders specifies that the contract award for all proposed capital contracts in excess of £10,000,000 should be approved by Cabinet and Cabinet resolved on 13 May 2020 that the appointment of contractors for the major works at the Chalcots Estate be

delegated to the Executive Director Supporting Communities in consultation with the Cabinet Member for Better Homes.

- 2.2 This report follows the completion of the procurement process as set out in the procurement strategy approved by Single Member Decision on 11 November 2020.
- 2.3 The Council placed the Blashford tower major works project on the market via the tender portal on 29 January 2021. A total of 16 expressions of interest were submitted by the 11 March 2021 and following the due diligence review, 8 submissions were compliant. The evaluation process shortlisted the top 6 contractors, including based on input and evaluation feedback from the resident procurement panel. The invitation to tender was issued on 12 April to the top 6 contractors and 3 contractors declared by the deadline of 30 April that they will not submit a tender.
- 2.4 All 3 tenders that were submitted passed the quality thresholds in each area of their submissions. In its advisory role, the residents' panel, consisting of Chalcots residents, participated in the selection process, evaluating documents and attending contractor interviews.
- 2.5 It is proposed that the contractor that secured the highest score following the evaluation of both quality and price is appointed to complete the PCSA for Blashford Tower. Once the PCSA has been completed a decision will be made by the Council to proceed to the second stage and complete the construction phase with the recommended contractor. Details of the evaluation and the recommended contractor are set out in the Part 2 appendix of this report.

3. OPTIONS APPRAISAL

3.1 The Council's Requirements

- 3.1.1 Through the previous works, surveys and testing undertaken, the Council is clear on its requirements to deliver the best outcome for the residents of Blashford tower on the Chalcots estate.
- 3.1.2 The key requirements include technical compliance, quality in terms of resources, management, workmanship and materials, as well as considerate and effective methods of works, an efficient programme of works, a resident centred approach throughout, a strong social value offer and value for money.
- 3.1.3 Detailed technical requirements were prepared and submitted for each project element as part of the invitation to tender. The Employer's Requirements set out in detail what is expected by the contractor, including the resident centred approach and minimising disruption to residents. Resident input helped to develop the Employer's Requirements, through the procurement task and finish group, the procurement panel, feedback from tenant and resident association meetings and individual feedback received as part of the wider engagement process.

3.2 Tender Evaluation

3.2.1 The tender evaluation is based on four key parts, with 60% awarded for quality and 40% for price:

- Technical compliance with the design proposals formed 15% of the 60% available for quality scoring and a technical panel was formed to complete this part of the assessment. Non-compliance in this area would result in the tender being rejected
- The other areas to receive quality scores were:
 - Proposed team and resources
 - Arrangements for the management of staff and sub-contractors
 - Approach to delivering the works with residents *in situ*
 - Proposed programme
 - Proposals for resident consultation and liaison
 - Social value proposals
- The quality assessment also included an interview with officers and the resident procurement panel. The purpose of the interviews being to meet the contractor's project team, including project director, site manager and the resident liaison lead. The questions focused on resident engagement and communication as well as consideration for residents and minimising disruption
- The assessment of price was completed by the Council's commercial consultants. The price evaluation was completed separately and independently and was shared with the evaluation panel only once the quality evaluation was completed.

3.2.2 Following moderation by the resident panel and the technical panel it was determined that all three tenderers had passed the quality thresholds in each area of the assessment.

3.3 There are three main options to consider:

3.3.1 **Option 1 – award the contract to the highest scoring tenderer.**

The Council has invited tenders via the procurement portal (this includes publication in Find a Tender and on Contracts Finder, two government mandated sites, the former replacing the OJEU for tenders above the thresholds in the Public Contracts Regulation 2015, the latter mandated for any advertised contract of £25,000 or above). Following this process and the evaluation outlined in this report and in the Part II appendix, the Council is in a position to accept a tender that meets the thresholds within the quality assessment and the value for money assessment carried out by the Council's commercial consultants.

3.3.2 **Option 2 – do not award the contract and repeat the tender exercise.**

This option is not recommended as the Council is able to award the contract to a contractor that meets the Council's quality requirements and passed the value for money assessment.

3.3.3 Option 3 – do nothing.

This option is not recommended because the Council is required to install the replacement cladding and curtain wall to Blashford tower on the Chalcots estate.

- 3.4 The recommendation is to approve Option 1 and agree the award of the Pre-Construction Services Agreement to the recommended contractor. This is based upon the highest scores achieved through the evaluation process in terms of quality and value for money. It should be noted that the evaluated tender prices include for both Pre-Construction Services Agreement deliverables (including design, surveys and market testing) as well as prices for preliminaries and an overhead and profit percentage for the construction stage. The Council is only required at this stage to appoint the recommended contractor for the PCSA. On completion of the PCSA the Council determines whether to proceed with the construction stage.

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
Potential contractor's non-compliance with Pre Construction Services Agreement (PCSA) obligations	The PCSA includes the addition of intervention points in the Pre-Construction Services stage. The Council, Arcadis and Contractor will review the project at the end of each work stage / intervention point, once the contractor provides their end of work stage report within the set timeframe. Progress will be assessed against time, cost and quality objectives and only once agreed, the project progresses to the next workstage.
Decanting Residents	A considered approach to the works is the key objective. Efforts will be made to find a solution to keep residents in their home (based on individual preference) and this will be investigated with the contractor during the PCSA.
Performance risk	The contract documentation is clear in setting out ownership of relevant responsibilities. Some further work is required during the detailed design process to finalise costs and performance criteria, which is standard for this type of contract.
Programme delays	Programme to be closely monitored with relevant stakeholders to ensure that critical decisions are met on time, this will be fully managed by a strong project management team through a strict change control process.
Cost control	All costs and budget will closely monitored by the project director and supported by the cost consultants.

	This will be overseen by the project management team through a strict change control process.
Quality risk	Relevant performance tests will be completed during the PCSA and a robust quality control and monitoring system relating to all aspects of the work will be implemented and supported by the Council and its employers agents, including photographic evidence at each stage of the works, which will be checked and signed off by a designated Quality Inspector and Building Control.
Public relations and stakeholder engagement	The Contractor will provide resident liaison officers, who will work closely with residents and Council officers to ensure communications are effective and to work with residents in identifying needs and requirements when carrying out the works.

5. CONSULTATION/ENGAGEMENT

- 5.1 The Council engages with all residents on the Chalcots estate by sharing information and up-dates through regular newsletters, letters, leaflets, a dedicated webpage, information screens in the lobbies and through virtual meetings, including the monthly meetings open to all residents with Q&A session, monthly meetings offered to tenant and resident association (TRA) chairs, panel meetings and meetings with task and finish groups.
- 5.2 Monthly online engagement open to all residents on the Chalcots has been helpful in that the Council has engaged directly with some 200 residents via Zoom since April 2020. Responses are provided live to queries sent in prior to the meeting and to queries asked verbally or via the chat facility during the session. The feedback has been positive and residents have stated they feel the sessions are informative and interactive.
- 5.3 In addition, Chalcots residents played a key part in the selection of the recommended contractor Blashford: Residents were involved through a wide range of opportunities, including the resident procurement panel (5 residents were recruited onto this panel), resident led Task & Finish groups (with 12 residents focusing on procurement), and feedback from Blashford TRA representatives and individual residents.
- 5.4 The involvement of the resident procurement panel is described below:
 - In its advisory role, the panel helped shortlist the top 6 contractors for invitation to tender based on relevant experience and resident care and engagement
 - The panel’s feedback was incorporated into the Employer’s Requirements prior to the invitation to tender being issued on 12 April 2021
 - The panel participated in the tender evaluation in an advisory capacity, particularly the scoring of the resident engagement proposal and on the social value offer

- The panel participated in the contractor interviews, where each resident asked two questions particularly relating to resident engagement and minimising disruption to residents. The residents' interview scoring was included in the overall evaluation of the contractors.

5.5 The resident procurement panel's input has been invaluable in identifying the best contractor for Blashford. The panel members have been dedicated and committed throughout and have given up a substantial amount of time to support the process. Panel members also went out of their way to fully understand the challenges related to the work at Blashford. Two panel members visited the test flat with the Council's Quality Inspector and a video was prepared and shared with the other panel members so they could understand the proposed works in detail. This insight helped to form their questions to the contractors and to gauge the responses received.

6. LEGAL IMPLICATIONS

6.1 The proposed contract has been procured in accordance with the agreed procurement strategy, Contract Standing Orders and the Public Contracts Regulations 2015.

6.2 Cabinet has delegated award of the contract to the Executive Director Supporting Communities in consultation with the Cabinet Member for Better Homes.

7. RESOURCE IMPLICATIONS

7.1 The report seeks approval from Executive Director Supporting Communities in consultation with the Cabinet Member for Better Homes to appoint the recommended contractor for the Blashford Tower for the Pre-Construction Services Agreement (PCSA) part of the contract. As this is a two stage design and build contract, risk will remain during the PCSA Stage to determine the price for the second stage including the risks set out in section 4 above and in the Council's commercial consultant's report appended to Part II of the report.

7.2 The award of the contract is based on the highest score as recommended in Section 3, Option 1 above.

7.3 The capital budget remaining for the whole of Chalcots project in the capital programme is £85.8m as at the beginning of April 2021. This budget is for the main works, professional fees for external advisers, internal staffing costs and an element of contingency for any unknown risk. At this stage, there is sufficient funding available for the PCSA stage of contract for the Blashford tower to commence.

8. TIMETABLE FOR IMPLEMENTATION

8.1 The recommended contractor offers a realistic and effective programme for the two stage Design and Build approach.

- 8.2 The first stage (PCSA) will commence in August 2021 and conclude May 2022 with clear outcomes and milestones with reviews to prevent slippage.
- 8.3 The second stage is the construction stage which will commence in June 2022 with an estimated six weeks mobilisation. Site set up will start in July 2022 with major works anticipated to complete and the site fully demobilised by December 2023.
- 8.4 The timelines are indicative and every effort will be made to improve on the milestones set out above. The Council will keep residents informed of progress.

9. APPENDICES

- 9.1 Confidential Part II appendix containing information on the price and quality assessment and two commercially sensitive appraisal documents are attached separately:
- Appendix 1 – Arup's technical appraisal
 - Appendix 2 – Arcadis' commercial appraisal

REPORT ENDS