



Officer delegated decision

Decision Due: 16 February 2015

Contract Variation: International House: Essential Compliance, Building and Refurbishment Works

Wards: Coldharbour Ward

Report Authorised by: Strategic Director Enabling: Guy Ware

Contact for enquiries:

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Report summary

This report seeks approval to waive contract standing orders to vary the procured Total Facilities Management (TFM) Hard FM contract with Cofely GDF-Suez to include the urgent Capital Works required in International House comprising of essential Life Cycle maintenance, Health and Safety compliance and Refurbishment works. The value of this variation is not to exceed £763k. The project will be managed by Interserve consulting, Lambeth's TFM Project Management Consultants. The TFM contract portfolio is managed by Facilities Management.

Finance summary

A Variation to increase the value of the TFM Hard FM contract by is required to carry out the required works to International House to support the YNTH moves decant programme and to ensure Health and Safety compliance until 2017. The original estimate budget figure was £954k. The revised cost of £763k represents saving against the original proposal of £190k, excluding Project Management fees.

The breakdown of values for these works are as follows:

Work	Tendered cost £'000
Health and Safety compliance	£164
Lifecycle Maintenance	£119
Refurbishment works.	£480
Total	£763

The tender report contains commercially sensitive information and is appended to Part II of this report.

Recommendations

- (1) To approve a waiver to contract standing order 9 to use the TFM Hard FM contract to carry put compliance, Lifecycle maintenance and refurbishment works to International House (value of works as detailed in recommendation 3)
- (2) To vary the TFM Hard FM contract with Cofely GDF-Suez by £763k

Reason for Exemption from Disclosure

The accompanying part II report is exempt from disclosure by virtue of the following paragraphs of Schedule 12A to the Local Government Act 1972: Information relating to the financial or business affairs of a particular person. (Including the authority holding that information).

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Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

The pricing contained in this part 2 report and its appendices are commercially sensitive as these pages contain information relating to the financial or business affairs of the companies tendering.

Context

- 1.1 International House is an 11 storey office building which is to be retained as office accommodation until the completion of the new Lambeth Town Hall in 2017. In order to support the decant of staff from buildings that are closing into International House essential works are required to be undertaken in International House as follows:
 - Health and Safety compliance
 - Lifecycle maintenance
 - Refurbishment works
- 1.2 The completion of these works will facilitate longer opening hours, the accommodation of a larger number of staff by improving the layout and welfare facilities, and providing an environment more supportive of Lambeth's flexible working policy.
- 1.3 This community outcome supported by this report is Enabling: Investment in Corporate Office Accommodation
- 1.4 This report is a Gateway 3 waiver report requesting a variation to contract and an increase in value.

2. Proposal and Reasons

- 2.1 International House is a Core building managed by Facilities Management. The current occupants are within the Delivery cluster and these include a large number of front facing services. The decant programme which is due to commence in January 2015 will increase the overall number of staff working out of International House.
 - 2.1.1 In order to accommodate the increase in staff numbers it is essential that the building is fit for purpose, compliant with legislative requirements, retained in good working order, and that work is completed as quickly as possible in order Any delay of these works will have a significant effect and cause major disruption to the planned YNTH decant programme. The programme of work is directly aligned to YNTH moves programme and the requires works to commence on 17th March 2015 and to be completed to allow the final moves to take place on 5th June 2015. In addition to the project works day to day maintenance works will continue in the building whilst the programmed project works are undertaken. It should be noted that the current scope does not include works to the ground floor, however the value of the variation includes a contingency so that these works can be included once the scope is agreed to avoid any further delays.
- 2.3 For the project to align with the moves programme and to fit with the programme dates, there is not sufficient time to tender the works. It is proposed to use the Total FM Hard FM contract with Cofely GDF-Suez to carry out these works. This will ensure that the required works can be totally aligned with the moves programme. Use of the TFM Hard FM contract will ensure that there is also an alignment with day to day reactive works and Planned Preventative programmed works. To ensure Lambeth achieves Value for Money Interserve will carry out a value engineering check on the rates once thee have been submitted by Cofely.

- 2.4 A variation and waiver are required to increase the value of the TFM Hard FM contract and to allow Lambeth to place an order for the works directly with Cofely. The variation will increase the value of the contract by a value not to exceed ££763,090 and allow the urgent capital works to be placed directly with Cofely GDF-Suez. The works will be project managed by Interserve Consulting.

3. Finance

3.1 Capital budgets have been allocated to fund the works as follows:

Works element	Budget	Budget amount £'000
Health and Safety compliance	FM Capital programme	£164
Lifecycle Maintenance	FM capital programme	£119
Refurbishment works	YNTH project	£150
	FM Capital programme	£330
Total		£763

3.2 The costs of works as described in section 2 above and section 9 below is £763,090 excluding project fees. The value of the contract variation requiring approval is £763,090. This will ensure the building is retained in a complaint condition for the next 3 years and will support the roll out of smarter flexibility as part of the YNTH moves decant programme.

3.3 The associated professional fee costs will be covered from existing FM revenue budgets within (D10542.621180). To ensure the revenue budget within FM is sufficient to support the capital programme in 2015/16 (most of this proposed expenditure relates to 2015/16), a business case will be submitted to request that approx £200k of base budget be approved for carry forward.

4. Legal and Democracy

- 4.1 The authority to deal with the matters detailed in this report is vested in the relevant Cabinet Member, who should exercise his decision making powers following recommendation by the Procurement Board.
- 4.2 It is a requirement of the Council's Contract Standing Orders that purchases in excess of £100,000 should be competitively tendered. Waivers of this requirement may be approved by the Cabinet Member, who should exercise his decision making powers following recommendation by the Procurement Board. Waivers of this requirement in the Contract Standing Orders may be approved in certain circumstances, inter alia, where

the works or services being procured are urgent or demonstrably in the Council's best interests, to meet exceptional exigencies and where there is a sole supplier capable of meeting the requirements, which could include time critical requirements.

- 4.3 The Public Contracts Regulations 2006 applies to the award of works contracts with a value above the threshold of £4,332,012. Works contract awards below this threshold are not subject to the full weight of the Regulations but the advice of the EU commissioners is that they should be tendered where there may be cross-border interest and should in any event comply with the principles of non-discrimination, transparency and equal treatment. It should be noted that a significant variation of an OJEU compliant contract amounts, in effect, to the equivalent of the conclusion of a new contract.
- 4.4 This proposed key decision was entered in the Forward Plan on 13 August 2014 and the necessary 28 clear days' notice will be given before the decision is taken. The Council's Constitution requires that all key decisions, decisions which involve resources between the sums of £100,000 and £500,000, and important or sensitive issues, must be published on the website for five clear days before the decision is approved by the Director or Cabinet Member concerned. Any representations received during this period must be considered by the decision-maker before the decision is taken.

5. Consultation and co-production

- 5.1 Extensive Consultation has been undertaken with the YNTH project including the YNTH Project Board, Strategic Director Delivery and Delivery Director Business, Growth and Regeneration,

6. Risk management

The main risks have been identified as follows:

Building

- The building will not be compliant with Statutory the Health and Safety regulations if the required Compliance works are not completed. This is mitigated by undertaking the required works as part of this project.
- If Life cycle Maintenance is not undertaken as required that Mechanical and Electrical systems in the building may fail and problems may occur with the building fabric. This is mitigated by undertaking the required works as part of this project.

Staffing

- Decreased staff morale if no work is undertaken to improve the working environment to support the flexible working policy.
- Disruption to Business as Usual (BAU) whilst works are undertaken impacting on staff. There will be some disruption to BAU whilst the works are ongoing. This risk will be mitigated by ensuring the regular communications are issued to staff in advance of works commencing on each floors. There is already a robust process in place for issuing communications to staff International House and keeping senior management informed of any issues. Communications regarding the works programme will be issued by FM and for the moves programme by YNTH.

YNTH Project

- A delay to the commencement and subsequent completion of the works will impact on the delivery of the YNTH decant of buildings due for closure. These risks will be mitigated by approval of this variation and waiver and urgent instruction of these works.
- Non availability of parts delaying the completion of the works. Non-completion of work to project timeline causing continued and considerable disruption to building users. This will be mitigated by working in tandem with the YNTH approved moves programme. The TFM Hard FM contract includes robust Key performance Indicators which will be used as part of the contract management process for these project works.

Financial

- Achieving value for money. This risk has been mitigated by the work being undertaken by Interserve in managing the project and ensuring that Lambeth achieves Vfm by use to the procured TFM Hard FM contract. This is supported by the use of a firm specification for the contractor to price against.
- Procurement risks are included in part 2 of this report

Reputational

- Challenge from external parties regarding cost of project given expected lifetime of the building. The risk is mitigated by demonstrating the long term savings that will be achieved by the YNTH Project and the inclusion of the community as key stakeholders in the new building.

7. Equalities impact assessment

There are approved equalities impact assessments in place for the Total FM Contract and for the YNTH project.

8. Community safety

There are no Community Safety implications for this project.

9. Organisational implications

9.1 Environmental

In accordance with the Council's Environmental Charter, procurement activities for the Core Buildings Capital programme will consider implications of building materials, construction activities and building operations by considering conservation of water resources, minimal pollution, protection of habitats, more energy solutions in design, including solutions involving energy produced from renewable sources. Where appropriate individual projects within the works programmes will The Total FM Contract has a range of Community benefits including apprentices and a community Fund For

Procurement reports, please include how the report demonstrates responsible procurement.

9.2 Staffing and accommodation

The works are required to ensure that the building is retained in a compliant condition and is fit for purpose to support the YNTH decant programme. The works will be cognisant of the need to deliver Business as usual and to keep disruption to a minimum. The works are required to align directly with the YNTH Moves programme. If the works are delayed this will have a direct impact on and cause major disruption to the timetable for the YNTH decant programme. Regular communications will be issued to staff from both FM and YNTH project.

9.3 Procurement

The Total FM Hard FM contract was awarded in July 2012 following an OJEU procurement using a 2 stage dialogue route. The variation that is being requested will allow these Capital works to be placed directly with Cofely GDF-Suez and will increase the contract value by £763k. The variation allowing the placement of these works with Cofely will ensure cohesion between “business as usual” reactive and planned maintenance works and the required project works during the length of the project and will ensure there is no duplication of works.

Cofely are familiar with the building and have been very proactive in helping LBL reach their goals in other projects in relation to costs, project delivery deadline, and quality of work.

Further details of the procurement are contained in Part 2.

9.4 Health

N/A

10. Timetable for implementation

10.1 Timetable

Action	Timescale
Instruction to Interserve to carry out necessary pre contract works (i.e. asbestos surveys)	December 2014
PO issued to Asbestos consultants to conduct type 3 asbestos surveys	December 2014
Asbestos Surveys	w/c 12/01/15 to
Time allocated for removal of asbestos if required	Up to 06/02/15

Forward plan	08/01/15 to 05/02/15
Sign Works order and instruct Interserve	12/01/15
Gateway 3 consultation	08/01/15 to 15/01/15
Costs submitted by Cofely	23/01/15
Costs checked by Interserve	26/01/15 to 30/01/15
Procurement Board	05/02/15
Decision taken/Gateway 3 report signed	13/02/15
Call in deadline	19/02/15
Contract Variation signed and instruction issued to Cofely	16/02/15
Preliminaries/mobilisation	25/02/15 to 13/03/15
Work commences on site	16/03/15
Work completed on site	05/06/15
Snagging	Snagging will be undertaken floor by floor as work is completed. Final snagging will take place 05/06/15.

10.2 Works to be completed by 05th June 2015

10.3 The project will be managed by Interserve consulting, Lambeth's TFM Project Management Consultants. The TFM contract is managed by Facilities Management.

Audit trail				
Consultation				
Name/Position	Lambeth cluster/division or partner	Date Sent	Date Received	Comments in para:
Guy Ware	Strategic Director Enabling	10/02/2015		
Sue Foster	Strategic Director Delivery	09/01/15 and 02/02/15		
Mike Pocock	Divisional Director Business Growth & Regeneration	09/01/15 and 02/02/15		
David Ashmore	Divisional Director BCS	09/01/15 and 02/02/15		
Rachel Harrison Finance	Business Partnering	09/01/15 and 3/2/15	09/02/2015	3.0
Legal Services	Enabling: Integrated Support	09/01/15 and 3/2/15	12/01/15 and 04/02/15	4.0 and Part 2
Procurement	Business Partnering	18/12/14 and 09/01/15	19/12/14 and 05/02/15	Throughout Part 1 and Part 2
Democratic Services	Enabling: Corporate Affairs	09/01/15	12/01/15	4.0
Councillor McGlone	Cabinet Member:	30/01/2015	30/01/2015	
External	Interserve	09/01/15		

Report history	
Original discussion with Cabinet Member	30/01/2015
Report deadline	15/01/15
Date final report sent	
Report no.	09/02/2014
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	19.12.14
Key decision reasons	Value of works exceeds £500k
Background information	
Appendices	None to Part 1

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board and taken account of their advice and comments in completing the report for approval:

Signature _____ Date _____

Post : Patricia Anamoah, Head of Business and Facilities Management

I approve the above recommendations:

Signature _____ Date _____

Post: David Ashmore, Divsional Director Business and Customer Services

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature _____ Date _____

Post: Cllr Paul McGlone, Councillor, Enabling

Any declarations of interest (or exemptions granted): None