

Haringey Council

Agenda item:

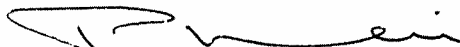
[No.]

Procurement Committee

On 27<sup>th</sup> October 2009

Report Title. Park View Academy, Emergency Heating System Renewal.

Report of **The Director of the Children and Young People's Service**

Signed : 

Contact Officer : Jon McGrath Capital Programme Manager CYPS

Wards(s) affected: **West Green**

Report for: **Key Decision**

**1. Purpose of the report**

- 1.1. To seek Procurement Committee approval to the required works to the school's heating system at a cost as detailed in Appendix A, the works being included within the current BSF programme and let as a variation to the existing BSF contract for Park View Academy.
- 1.2. To agree that the funding for the works be shared between the Secondary Schools lifecycle fund and the BSF project contingency.

**2. Introduction by Cabinet Member**

- 2.1. I support the recommendations in this report as the most cost effective way of ensuring these urgent and necessary works are done as soon as possible.

**3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

- 3.1. BSF Programme – transforming secondary schools and curriculum delivery.
- 3.2. Greenest Borough Strategy – the renewal of the pipework will increase the efficiency of the heating system and reduce the carbon emissions of the school.

#### **4. Recommendations**

- 4.1. To agree to the works being let to the existing Park View Academy Contractor partner as a variation to the contract.
- 4.2. To approve expenditure up to the cost of the required works as detailed in Appendix A to the school's heating system being included within the current BSF programme.
- 4.3. To agree that the funding for the works be shared between the Secondary Schools lifecycle fund and the BSF project contingency.

#### **5. Reason for recommendation(s)**

- 5.1. The Building Schools for the Future (BSF) programme outcome is to provide one new secondary school and significant transformation to all existing secondary schools, including the two Voluntary Aided schools.
- 5.2. As part of this programme works to Park View Academy commenced in September 2008. During the early part of the works, following demolition of part of the school, it became evident that the heating pipes, which sit largely under the school buildings in deep ducts, were in extremely poor condition due to flooding which had gone undiscovered for a considerable time.
- 5.3. Further surveys have been undertaken in other areas of the school which have revealed that most of the under floor pipe work serving all but the Sports Hall and the new block, erected under the PFI contract, are in extremely poor condition.
- 5.4. These surveys have revealed that the internal surfaces of the majority of the existing pipes and radiators are scaled and corroded to the point of being beyond reasonable repair due to water contamination of the underground heating pipes. Connection of new BSF installed services to the existing system will inevitably result in cross contamination and would be likely to negate any warranties issued by the BSF contractor. It is recommended that a design solution is progressed for the replacement of all faulty pipework which will bring the school back to an acceptable standard, provide warranties for all work and aid in the future maintenance of the system by removing underground pipework.
- 5.5. The current system is in such poor repair that it may cross contaminate with the hot water service and therefore cause a significant risk of users being exposed to legionella bacteria.
- 5.6. The total costs for the heating system replacement including professional and design fees, prolongation costs for exceeding the BSF Contract Practical Completion date and other associated costs such as extended temporary accommodation and decanting / storage costs are detailed in Appendix A. The scope of this work is for replacement of pipes from Blocks A through to M and the replacement of the boilers and associated pipework. The requirement for the replacement of the boilers is subject to a further detailed survey of the condition of the current boilers. The potential carbon reduction that could be achieved by the

replacement of the boilers will be used to help inform the decision on their replacement. Should replacement not be required a cost saving would be made as detailed in Appendix A

5.7. The costs advised by the contractor are based on full detailed cost for the replacement of all pipework in Blocks B to M, the replacement of the boilers and the full scope of prolongation costs. The design of pipe work in Block A has not yet been completed. The cost estimate includes an allowance for the works to Block A which would be a maximum figure based on the scope of work. As the work is being let as a variation to the existing contract, all costs for the entire scope of works will be verified by the BSF cost consultants, Potter Raper Partnership in accordance with the rates agreed at AMP.

## **6. Other options considered**

6.1. Two alternatives were considered in addition to the works detailed above. These were to either do nothing, or to allow the BSF contractor to complete their works on schedule and retro fit new pipework.

6.2. Alternative one was discounted as this would leave the school without heating, open to the risk of legionella and invalidate the warranties available to the BSF programme of works.

6.3. Alternative two was discounted as it failed to achieve economies of scale from having the works undertaken by a contractor already working on site. It would not address the lack of heating for an unacceptable period. It would incur additional tender time and associated costs and additional cost in re-instating finishes that were still under warranty.

## **7. Summary**

7.1. During BSF construction works PVA contractors discovered heating pipework in a precarious state. This report considers the options available and the associated costs both financially and health wise. CYPS seeks procurement committee approval to utilise the existing BSF governance (including associated professional fees) and raise a variation to the contractor to include the pipe replacement works in this programme.

## **8. Chief Financial Officer Comments**

8.1. The Chief Financial Officer has been consulted on this project and supports the need to undertake the works. As outlined in the service financial comments, the funding for the works could come from either of the BSF contingencies or the Lifecycle Fund.

8.2. At the time of writing this report, the extent of the total commitments already earmarked against the Lifecycle fund have not been fully quantified and therefore it is not prudent to approve release of the fund, at this time, to support the funding

of these works.

- 8.3. The contract should be awarded initially using funding from BSF contingencies with a subsequent contribution to be made from the Lifecycle fund if appropriate and approved at a later stage.

#### **9. Head of Legal Services Comments**

- 9.1. The Procurement Committee has power under CSO 13.02 to approve the recommendation, provided that to do so is consistent with the provisions of the Council's Financial Regulations.
- 9.2. The Head of Legal Services advises that as the existing contract to which this variation relates was competitively procured off a framework established under the Public Contract Regulations 2006, approved by the members on 19 February 2009, the variation would be permissible by use of the negotiated procedure without prior publication of a contract notice to other parties under Public Contract Regulations 2006 regulation 14(d)(i).
- 9.3. This may be done where the additional works have become necessary and cannot for technical or economic reasons be provided separately from those under the original contract or are strictly necessary to the later stages of the performance of that contract and the value of the additional works do not exceed 50% of the original contract value.
- 9.4. The Head of Legal Services confirms that the recommendations contained in this report may be accepted.

#### **10. Head of Procurement Comments**

- 10.1 The original selection of the contractor was by mini competition in accordance with the Councils Building Schools for the future framework agreement.
- 10.2 The scope of the project, due to issues contained within this report, has resulted in proposed variations exceeding prior Committee approvals. This is now reported to the executive. These variations are needed to enable the school to have heating and for health and safety reasons.
- 10.3 The contractor currently working on the project has provided initial costs of the works and these are being assessed and verified by the BSF Cost Consultants to ensure they represent value for money and that there is a full audit trail.
- 10.4 The need for this variation was unforeseen and only came to light when demolition works exposed significant latent defects.
- 10.5 To avoid any risks associated with warranties and to ensure optimum value for money; it would be in the Councils overall best interest for the appointed BSF contractor to carry out the work under a contract variation and as part of the existing works programme.
- 10.6 The Head of Procurement therefore supports the recommendations contained in

this report subject to item 1.4 above.

**11. Equalities & Community Cohesion Comments**

11.1. [click here to type]

**12. Consultation**

12.1. [click here to type]

**13. Service Financial Comments**

13.1. This work currently falls outside the scope of the Park View Academy BSF project and can be funded from the budget sources set out in section 16.1, subject to agreement with the Chief Finance Officer.

13.2. If BSF funding is used to deliver this work, it is very important that key stakeholders are engaged to ensure that they agree to these funds been used for this outcome.

13.3. It is confirmed that funding for this work exists subject to agreement with the Chief Finance Officer of the exact budgets to be utilised.

**14. Use of appendices /Tables and photographs**

Appendix A

**15. Local Government (Access to Information) Act 1985**

15.1. [List background documents]

15.2. Appendix A contains exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).