

**Report for:** Cabinet

**Title:** **Muswell Hill Primary School Building Condition Works Project – Construction Contract Award**

**Report**

**Authorised by:** Jon Abbey, Director of Children's Services

**Lead Officer:** Michael Baldwin, Project Manager, Property and Capital Projects

**Ward(s) affected:** Muswell Hill

**Report for Key/**

**Non Key Decision:** Key decision

### **1. Describe the issue under consideration**

- 1.1. This Cabinet item is to request approval to award a contract for construction works to be undertaken on the Muswell Hill Primary School building as allowed under CSO 9.07.1.d.
- 1.2. This paper seeks approval to award the contract to Kind Diamond Build Consortium for Construction works in the amount of £696,103.45.
- 1.3. In addition approval is also requested to issue a Letter of Intent up to and not exceeding £100,000 whilst formal works contracts are being prepared as allowed under CSO 9.07.3.

### **2. Cabinet Member Introduction**

The construction works to Muswell Hil Primary School are required to address identified building condition issues. This tender process to conclude an award of contract has been undertaken in accordance with the Council's contract standing orders.

### **3. Recommendations**

- 3.1. Cabinet to:
  - 3.1.2 Approve the award of a contract to Kind Diamond Build Consortium for construction works on the Muswell Hill Primary School in the contract sum of £696,103.45.
  - 3.1.3 Approve the issuance of a Letter of Intent not exceeding £100,000 to allow the contractor to mobilise their resources whilst formal contracts are prepared and executed, ensuring the required start on site date can be met.

#### **4. Reasons for decision**

- 4.1. To award a contract which will enable the timely mobilisation and construction works to Muswell Hill Primary School which aims to address identified building condition issues.

#### **5. Alternative options considered**

- 5.1. A do nothing option is not considered appropriate. The construction works are required to address a number of identified issues within the existing buildings which will have a negative impact on educational provision, should they not be addressed.
- 5.2. Four contractors were invited to tender and therefore considered to undertake the required construction works. The tenderers proposals were evaluated using a 60% quality and 40% price weighting and on this basis the recommended contractor is deemed to be the most economically advantageous tender representing the best value option to deliver the required works.

#### **6. Background information**

- 6.1 Muswell Hill Primary school is a 2 Form of Entry school located within the Muswell Hill ward of the London Borough of Haringey.
- 6.2 Following a Council Review, Muswell Hill Primary School was identified as a priority case for condition improvement. As a result a comprehensive feasibility survey was undertaken to determine the full extent of the works required.
- 6.3 The Feasibility report presented the proposed list of works to be undertaken as part of this project, these were explored in consultation with the Corporate Landlord, End User (School), Project Sponsor and Stakeholders to obtain the most appropriate solution in terms of brief and vision. The works were split into two distinct packages:
  - 6.3.1 Phase 1 - works considered to be of highest priority relating to the fire alarm system, wifi and compliance works to the gas system within the kitchen. These works were completed over the 2016 school summer holidays.
  - 6.3.2 Phase 2 – The main body of works which addresses the remaining condition works throughout the building during the design stages deemed to be of a lesser priority than phase 1, the works relate predominately to the installation of new lighting and mechanical systems throughout the school. These proposed works are to be undertaken over the summer term and holidays in 2017.
- 6.4 This report relates to contract award for a construction contractor to undertake the phase two works package.
- 6.5 Following discussions with Strategic Procurement a scored expression of interest (EOI) exercise on the London Construction Programme Major Works Framework (LCP Framework Agreement) was undertaken which informed the tender list for the project.

- 6.6 Following the EOI exercise four companies were invited to tender for the construction works as identified in the tender documents drafted by project's design team.
- 6.7 Due to the need to undertake part of these works within a live school environment and the fundamental need for the school site to be handed over ready to commence operation for the new school term in September 2017, contractors were required to demonstrate their understanding and ability to ensure that the critical works are undertaken within the project's requirements.
- 6.8 This contract is considered to sit within the 'strategic market' sector which covers large or complex services with high risk and /or high value could have a fundamental impact if the provider was to fail. The procurement baseline guidance for capital works that sit within this sector is for 60% quality and 40% price; the tenders for this contract were issued and assessed on this basis.
- 6.9 The Qualitative Delivery Proposals (QDPs) were separately evaluated against pre-determined scoring criteria by three assessors for each question. The averaged scores are summarised in section 6.10 of this report. The minimum quality score threshold was 30% out of 60%; one tenderer was below this threshold.
- 6.10 The following summarises the outcome of the tender evaluation and clarification process for all the contractors invited to tender:
- 6.10.1 Contractor A scored 53.81% overall, comprising a price score of 30.45% and a quality score of 23.36%.
- 6.10.2 Contractor B scored 86.88% overall, comprising a price score of 40.00% and a quality score of 46.88%.
- 6.10.3 Contractor C (Kind Diamond Build Consortium) scored 88.35% overall, comprising a price score of 32.99% and a quality score of 55.36%.
- 6.10.4 Contractor D scored 75.10% overall, comprising a price score of 34.14% and a quality score of 40.96%.
- 6.11 Kind Diamond Build Consortium scored the highest with a total of 88.35%, ranking third for price and first for quality and is therefore the recommended contractor to carry out the required works.

## **7. Contribution to strategic outcomes**

- 7.1. The outcomes of this project relate principally to Priority 1: Enable every child and young person to have the best start in life, with high quality education;
- 7.1.1. To provide high quality education, it is vital that teaching spaces are provided to a suitable quality, spaces that do not meet current quality standards are brought up to acceptable level of condition.

- 7.1.2. To provide clean, well maintained spaces where people are proud to work.
- 7.1.3. Enable every child and young person to thrive and achieve their potential. To provide newly warranted systems that both the school and the local community want to use.
- 7.1.4. To provide modern and energy efficient services that meet the needs of the school.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **8.1. Finance**

- 8.1.1. The report recommends the acceptance of the tender for the works at Muswell Hill Primary School in the value of £696.1k. This is the second phase of the agreed works project at the school. The first phase is estimated to cost £206k. The full cost of the scheme is as follows:

Phase 1	£206.0k
Phase 2 Works contract	£696.1k
Phase 2 Other costs (fees, contingency and decant costs)	£415.9k
Projected outturn	£1,318.0k

- 8.1.2. The budget for this project is contained within the overall programme “Primary School Modernisation and Enhancement (inc SEN)” (the Programme) with a pre-tender budget cost of £1,500k. The difference between the pre-tender budget cost and the projected outturn will be retained within the Programme budget. If the projected outturn is exceeded the costs will need to be met from within this programme in the first instance and if that is not possible then within the overall Priority 1 capital budget.
- 8.1.3. The Programme budget is £4,798k in 16/17 and £2,000k in 17/18. At month 11 the 17/18 budget is forecasting to carry forward committed slippage of £1,956k and uncommitted resources of £2,842k meaning that there will be a revised uncommitted budget of £4,842k in 17/18 (subject to the closure of accounts process). Acceptance of the recommendation of this report will commit resources of £1,090.6k in 17/18 and £21.4k in 18/19.

Summary of the Programme budget:

	<b>17/18</b>	<b>18/19</b>
	<b>£000's</b>	<b>£000's</b>
Budget	2,000	2,000
Carry forward uncommitted resources	2,842	
Total uncommitted resources	4,842	
Less Muswell Hill Primary School	1,091	
21Uncommitted Programme resources	3,752	1,979

### **8.2. Strategic Procurement**

8.2.1. Strategic Procurement (SP) has reviewed the tender evaluation report submitted by the external consultants engaged on the project. It is noted that Kind Diamond Build Consortium Ltd submitted the most economically advantageous tender in accordance with the pre-determined evaluation criteria set out in the procurement documents. SP therefore support the recommendation that the contract be awarded to Kind Diamond Build Consortium Ltd in the sum of £696,103.45.

### 8.3. Legal

8.3.1. The Assistant Director of Corporate Governance notes the contents of the report.

8.3.2. The contract which this report relates to was procured by undertaking a mini-competition under the LCP Framework Agreement.

8.3.3. The LCP Framework Agreement was established in accordance with EU procurement legislation. The terms of the LCP Framework Agreement provide for contracts to be awarded by undertaking a mini-competition.

8.3.4. Approval is sought to award the contract to the contractor named in paragraph 3.1 of the report in accordance with CSO 9.07.1(d).

8.3.5. Should Cabinet see fit to approve the award, approval is also sought for issue of a letter of intent not exceeding £100,000.

8.3.6. This is a key decision and the Service has confirmed that it has been included on the Forward Plan.

8.3.7. The Assistant Director of Corporate Governance sees no legal reasons preventing Cabinet from approving the recommendations in the report.

### 8.4. Equality

8.4.1. The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- a) tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- b) advance equality of opportunity between people who share those protected characteristics and people who do not;
- c) foster good relations between people who share those characteristics and people who do not

8.4.2. Given the intended scope of works, no negative consequences are identified for the protected characteristics and it is concluded that the project will have a positive impact by improving the physical learning environment for all children

attending the school.

- 8.4.3. Equality considerations have been fully factored into the commissioning process. As a contracted provider, Kind Diamond Build Consortium will be expected to comply with the Equality Act duties, and ensure they have robust policies in place to prevent harassment and discrimination in their work practices.

## **9. Use of Appendices**

- 9.1. None

## **10. Local Government (Access to Information) Act 1985**

- 10.1. This report contains exempt and non-exempt information. Exempt information is under the following categories (identified in amended Schedule 12A of the Local Government Act 1972): Information relating to financial or business affairs of any particular person (including the authority holding that information)