

MINUTES OF MEETING Cabinet Member Signing HELD ON Wednesday, 11th May, 2022, 11.00am – 12pm

PRESENT:

Councillors: Zena Brabazon – Cabinet Member for Early Years, Children and Families.

ALSO ATTENDING: Claire Barnes, Sylvester Olutayo, Ayshe Simsek

4. APOLOGIES FOR ABSENCE

There were no apologies for absence.

5. DECLARATIONS OF INTEREST

There were no declarations of interest put forward.

6. LORDSHIP LANE PRIMARY SCHOOL - NEW NURSERY BUILDING - VARIATION OF CONSTRUCTION WORKS CONTRACT

Officers introduced the report, which was seeking agreement to increase the award of the contract with City Axis Ltd for Lordship Lane New Nursery works as allowed under Contract Standing Order (CSO) 10.2.1.b and CSO 16.02.

The increase was needed to support funding for: requirements arising from the Planning appraisal, to meet Council objectives on sustainability and to meet the market costs of rising materials.

In response to questions, the following was noted:

- City Axis was a design, build contractor, and build being undertaken was in a SIP style which brought together timber panelling in a lamination fashion. This achieved better insulation and enabled heat retention. It was reiterated that these were not panels used on housing blocks and they did not contain cladding material such as aluminium.
- A full background was provided of the close engagement and consultation with the School Head and Early Years lead on the design and build of the Nursery. This included how there had been revision to the designs following changes in management of the school. Assurance was also provided of the close involvement of a client side designer who had expertise of nursery builds.

- It was also noted that this project was particularly unique in terms of progression and cost. Also the known operational and management challenges of the school had inevitably had an impact.

RESOLVED

That pursuant to Contract Standing Order 16.02 :

To approve a variation of the construction contract for Lordship Lane New Nursery to CityAxis Ltd in the sum of £243,574.84, giving a varied contract value from £1,143,688.61 to £1,387,263.45.

To approve an increase to the contingency allowance totalling 12.5% from £114,368.86 to £173,407.93 offering a varied award value up to £1,560,671.38. The contingency will be managed under strict change control governance

Reasons for decision

Following the appointment of CityAxis Ltd some internal design changes were requested by the Client, Haringey Schools and Learning, increasing the scope of the works, to support the developed needs of the school curriculum and community. This required re-design of the internal spaces within the new nursery building, in full collaboration with the School's senior leadership team, providing a revised package of employer's requirements to be priced by the contractor. An increase has been realised during this period on material prices which has been taken into consideration with this variation.

The Cabinet Member approval (received on 9 November 2021) to award the construction contract, was subject to receipt of planning approval, which was received on 24 January 2022. Draft planning conditions were included in the tender package for the contractor to price following some pre-planning consultation, as approval was not yet available. The issue of the planning decision with associated conditions resulted in an increase in project scope, with elements to the conditions that had not previously been allowed for (specifically related to ecology and sustainability). The full planning permission with conditions was issued to the contractor, to price the uplift and variance to deliver the full planning approval and manage its conditions.

The Children's Services Capital Programme Budget is sufficient to cover this contract increase.

Alternative Options Considered

Do nothing – a decision not to support the increase in the value of the construction works contract will result in delays in completing urgent condition and replacement works, would leave the school with inadequate facilities to meet curriculum requirements, further disruption to children's education and would risk the loss of a large portion of Salix Public Sector Decarbonisation Grant, see paragraph 6.4.

Re-tender – an option to cancel this procurement exercise and re-tender the new nursery works was considered with Strategic Procurement, Legal and Finance.

However, as the previous tenders were returned in September 2021, it is believed due to construction inflation, changes in market rates, reduction in suppliers, material shortages and increase in material costs and the impact of the war in Ukraine, that a re-tender would likely incur substantial cost increases as realised in the market over recent months. It is also believed that these increases would be higher than those being witnessed for this variation. Re-tender would substantially lengthen the delivery programme and would not meet the Salix (Public Sector Decarbonisation) Grant spend deadline, see paragraph 6.4. The extended delivery programme would also create further disruption to the school environment into their 2022-23 academic year, prolonging the impact to their external play areas. In addition, a re-tender would risk challenge from CityAxis Ltd and expose the Council to reimbursement of any costs incurred as part of the procurement exercise and notification of acceptance of their tender.

7. WEST GREEN AND BRUCE GROVE PRIMARY SCHOOLS - BUILDING SERVICES AND EXTERNAL ENVELOPE WORKS - FURTHER VARIATION OF CONSTRUCTION CONTRACT

The Cabinet Member for Early Years, Children and Families considered a report which sought approval to further vary the contract with Mulalley & This Company Ltd as allowed under Contract Standing Order (CSO) 10.2.1.b and CSO 16.02 for West Green Primary School, to allow for additional condition works to be completed at the site.

It was noted that on 16 February 2022, the Cabinet Member for Early Years, Children, and Families had also approved a variation of the construction contract for work to Bruce Grove Primary School and this report also sought approval to further vary the contract with Mulalley & Company Ltd as allowed under Contract Standing Order (CSO) 10.2.1.b and CSO 16.02 for Bruce Grove, to allow for additional condition works to be completed at the site.

It was noted that both sets of additional works still provided the Council with greater value for money by including the works within the current contract on site, as opposed to returning with a separate contract, which as a result of the current climate – construction inflation and material shortages - would likely result in inflated market rates and cause further disruption to the schools.

The variation amounts and financial details were itemised within Part B of the report as were considered commercially sensitive.

Information was provided to the Cabinet Member of the nature of the works required.

With regards to West Green Primary School, additional condition works were identified that included further building services works and the complete replacement of the hall roof, as it was in significant disrepair to its main structure. The extent of this condition could not have been identified through non-intrusive surveys and was only discovered once the works commenced and the contractor was able to fully access, open up and intrusively inspect the hall roof structure. There was a need to fund the additional costs of the redesign, build and additional time the contractor had already spent on this project.

In relation to the works at Bruce Grove Primary School, during construction and once full access to the roof was available, additional condition works were identified including replacement of roof tiles and detailing and build-up of insulation. Additional glazing works were identified on site that included unexpected difficulties in accessing windows in some

areas. These additional works had now been fully detailed and specified, with access arrangements determined and the relative scope of electrical services works revised to accommodate them. It was necessary to undertake some additional works in areas critical to the operation of the school out of hours. To accommodate these works and the resultant extended construction programme additional funding was required.

The Cabinet Member noted that the Children's Services Capital Programme Budget was sufficient to cover this contract increase.

It was further noted that, going forward, the Council's Strategic Asset Management Programme would produce a costed asset management works programme that can inform items like this.

In response to questions from the Cabinet Member, the following information was provided:

With regards to considering the difficulties from recent school build projects and taking this learning forward to forthcoming school build projects, the School's project team were completing a lessons learnt exercise. This would consider the whole schools programme of capital builds. Meetings have included the technical team. Consideration was being given to completing more intrusive surveys at the start of projects in schools. These could be completed after school hours or on a Saturday to allow identification of issues and ensure the contract amounts and contingency sums agreed were realistic.

The Cabinet Member commented that it was important to keep in mind the overall positive impact on rebuilding school buildings which was increasingly necessary to ensure that children and young people had good facilities and environment to support their learning and development. She suggested the following:

- Contacting Communications Team to publicise the positive work on updating school buildings. There was a need to celebrate that these works were happening and helping to provide children with the best start in their educational journey.
- When works were taking place at these schools, to have signs that indicated that the works were funded by Haringey Council with additional funding from the DFE.

Further to considering the exempt information, it was

RESOLVED

That pursuant to Contract Standing Order 16.02 to:

1. To note that the variation of the original contract award approved by the Cabinet Member for Early Years, Children, and Families for West Green Primary School was in the sum of £2,644,202.90.
2. To approve a further variation of the construction contract to Mulalley & Company Limited for West Green Primary School as set out in Part B.
3. To approve a variation to the contingency allowance to be managed under strict change control governance as set out in Part B.
4. To note that the variation of original contract award approved by the Cabinet Member for Early Years, Children, and Families for Bruce Grove Primary School was in the sum of £3,082,000.

5. To approve a further variation of the construction contract to Mulalley & Company Limited for Bruce Grove Primary School as set out in Part B.
6. To approve a variation to the contingency allowance to be managed under strict change control governance as set out in Part B.

Reasons for decision

West Green Primary School - During construction, additional condition works were identified that include further building services works and the complete replacement of the hall roof, as it was in significant disrepair to its main structure. The extent of this condition would not have been identified through non-intrusive surveys and was only discovered once the works commenced and the contractor was able to fully access, open up and intrusively inspect the hall roof structure. These additional roof and associated structural works have now been fully designed and specified. To accommodate these works and the resultant extended construction programme, additional funding is required. The Children's Services Capital Programme Budget is sufficient to cover this contract increase.

Bruce Grove Primary – During construction and once full access to the roof was available, additional condition works were identified including replacement of roof tiles and detailing and build-up of insulation. Additional glazing works were identified on site that included unexpected difficulties in accessing windows in some areas. These additional works have now been fully detailed and specified, with access arrangements determined and the relative scope of electrical services works revised to accommodate them. It is necessary to undertake some additional works in areas critical to the operation of the school out of hours. To accommodate these works and the resultant extended construction programme additional funding is required. The Children's Services Capital Programme Budget is sufficient to cover this contract increase.

Going forward, the Council's Strategic Asset Management Programme will produce a costed asset management works programme that can inform items like this.

Alternative Options Considered

Do nothing – a decision not to support the increase in the value of the construction works contract will result in delays in completing urgent condition works, leave the Council unable to fulfil its contractual obligations (construction contract), a school with a roof at the end of its serviceable life, a school with a roof in need of considerable repair and increase the health and safety risk of closure (in part or full site) and disruption to children's education.

Re-tender – an option to re-tender or separately tender these was considered. However, this was discounted because existing contracts are in place for both West Green and Bruce Grove with Mulalley & Company Ltd that are circa 55-65% complete. It is believed that variations provide the Council with greater value for money by including them within the current contract works on site, as opposed to returning with a separate contract, causing further disruption to the school. If tendered separately, it is believed due to construction inflation, changes in market rates, reduction in suppliers, material shortages and increase in material costs and the impact of the war in Ukraine, that tenders returned would likely incur substantial cost increases as realised in the market over recent months. It is also believed that these increases would be higher than those being witnessed for the variations. Re-tendering these works would substantially lengthen the programme, not meet the Salix (Public Sector Decarbonisation) Grant spend deadline, see paragraph 6.4 and create further disruption to the school environment into their 2022-23 academic year.

8. EXCLUSION OF THE PRESS AND PUBLIC

9. WEST GREEN AND BRUCE GROVE PRIMARY SCHOOLS - BUILDING SERVICES AND EXTERNAL ENVELOPE WORKS - FURTHER VARIATION OF CONSTRUCTION CONTRACT - EXEMPT INFORMATION

CHAIR:

Signed by Chair

Date