

Report for Cabinet scheduled for 15th June 2021

Title: Stroud Green Primary School - Building Services Improvement and External Envelope Phase 1 Works – Construction Contract Award

Report authorised by: Assistant Director Children's Services

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Ward affected: Stroud Green

Report for Key Decision

1. Describe the issue under consideration

- 1.1 To request approval to award a contract to Mulalley & Co Ltd up to the value of £1,113,197.80 to carry out Building Services Improvement and External Envelope Phase 1 works at Stroud Green Primary School pursuant to Contract Standing Order (CSO) 7.01.b and 9.07.1d.
- 1.2 To approve issuance of Letter of Intent as allowed under CSO 9.07.3.

2. Cabinet Member Introduction

- 2.1. As the new Cabinet Member for Early Years, Children and Families I am delighted to bring these four reports to Cabinet. These four community schools – Bruce Grove, Campsbourne, Seven Sisters and Stroud Green – are the first group of our Haringey primary schools to have these vital capital works. The works across the four schools include installing new heating and hot water systems, new windows and vital health and safety improvements to the buildings. The funding for these works is in the council's capital programme and will ensure the physical environment for all the children and staff is greatly improved. Alongside the Council's own capital funding, some £1.248m has been secured from the government towards these projects. This funding is for specific works which will reduce the carbon footprint of our schools, an additional and welcome contribution both financially and to tackling climate change.

The development of the schools' asset plan which has led to these projects is a detailed and important document which will guide our schools' capital works programme. Drawing this together has involved council officers, heads and governors and I would like to take this opportunity to thank them all for this work which is now commencing with these four projects.

3. Recommendations

Cabinet is recommended to:

- 3.1 Approve an award of contract to Mulalley & Co of £1,011,998.
- 3.2 Approve a client construction contingency of 10% that equates to £101,200 which will be strictly managed under change control governance arrangements.
- 3.3 Approve the issuance of a letter of intent for up to 10% of the contract value, totalling £101,200.

4. Reasons for decision

- 4.1 A major review of the condition and suitability of the Children's Services estate has been undertaken which has informed the Children's Service's asset management plan (CSAMP). This identified condition and suitability deficiencies in the primary, secondary, and wider Children's Service estate that need addressing in the short, medium, and long-term. Stroud Green Primary School is high priority for major works due to issues relating to safeguarding and school closure risks.
- 4.2 In 2018 an initial brief was given to undertake the most immediate (short term) health and safety, compliance, and resilience work. These findings included fire compartmentation, fire doors and cold water system replacement and were subject to a separate award under delegated powers.
- 4.3 In 2019 a further commission was given to further investigate and address urgent works relating to the condition of building services (i.e., heating), external envelope (i.e., roofs, windows) and boundary security.
- 4.4 The scheme has been granted an allocation of funding £0.129m from the public sector decarbonisation programme, a government initiative sponsored by the Department for Business, Energy & Industrial Strategy and administered by Salix (Salix works). The grant will be used to part fund the scheme thus reducing the amount of borrowing that the Council will need to undertake. The terms of the grant are that the relevant works need to be completed by the 30th September 2021. If this date is missed, then there is a risk that the grant allocation will need to be repaid.
- 4.5 A scheme for Stroud Green Primary School has been developed into 2 phases in order to achieve the criteria for Public Sector Decarbonisation (Salix) grant funding, minimise disruption to the school by maximising access over the 2021 school summer holiday period, ensure resilience for heating and hot water and support a comprehensive phasing plan. This construction award report requests a decision on the procurement of a contractor to undertake Phase 1 (heating distribution system upgrade, secondary glazing, loft insulation and new entrance and accessible toilet) works. All remaining works considered under Phase 2 will be the result of a further decision in September 2021.

5. Alternative options considered.

- 5.1 Do nothing option - a decision not to support this award of construction contract will result in the Council's failure to suitably maintain its education estate by undertaking essential condition improvements. This would increase the likelihood of reactive works which will create greater disruption and cost to the council and potentially result in the loss of education days. All of which would undoubtedly impact on the quality of teaching and learning.

6. Background Information

- 6.1 London Borough of Haringey has sought to identify and address building condition and suitability issues across the Education/schools estate.
- 6.2 Initial condition and suitability surveys followed by comprehensive feasibility studies have evolved an extensive Children's Capital Programme which seeks to support essential condition improvements across the education estate.
- 6.3 From this data, Stroud Green Primary School was considered high priority and as a result was placed in wave 1 of the programme and is 1 of 8 primary school's sites in this initial wave of essential condition work.
- 6.4 As set out in section 4, the work at Stroud Green Primary School is divided into 2 phases – Phase 1, Building Services Improvements, new entrance remodelling and a new accessible toilet works. Phase 2 – all remaining external envelope and boundary works. This decision report is concerned with Phase 1 works.
- 6.5 This condition project will bring a number of benefits to the school and the council, with the primary objective of providing improved educational environments for Children in line with Haringey's borough plan. Along with improving educational outcomes, this project will significantly reduce the risk of a health and safety incident or school closure through condition failure such as mechanical failure or roof leaks. The project will also help the school reduce its energy demands and thus reduce carbon emissions through technologies and insulation including double glazing. This work also benefits the Council in reducing the reactive maintenance requirements at the school in future by economically fixing the root cause of the condition issues within a single project whilst avoiding additional temporary repairs costs.
- 6.6 The procurement of both phases will be undertaken on a Traditional (fully designed scheme) procurement route basis. It is possible that both phases will be working concurrently on site later this year, strict co-ordination and compliance with Construction Design and Management regulations will be adhered to.
- 6.7 A competitive tender for Phase 1 was issued to London Construction Programme Framework Education and Leisure Lot 2.1b North. Three tenders were received on the 4th May 2021. All tenders have been evaluated on a 40% quality and 60% price basis by an independent evaluation panel. Arithmetical adjustments have been applied to the tenders during the clarification process with the outturn confirmed as:

Tenderer	Price	Price Score (60%)	Moderated Quality Score (40%)	Combined Cost and Quality Score	Final Ranking
Mulalley & Co Ltd	£1,011,998	60%	28%	88%	1
Bidder B	£1,314,551	46.2%	30.4%	76.6%	2
Bidder C	£1,366,044.71	Disqualified	18.4%	Disqualified	Disqualified

- 6.8 Bidder C did not meet the minimum pass threshold of 24% for quality. Therefore, their bid is disqualified.
- 6.9 The Quantity Surveyor assessment concludes with a recommendation to award a construction contract to Mulalley & Co Ltd up to the value of £1,113,197.80 (tender £1,011,998 value plus construction risk of £101,199.80) which is within a Pre-Tender Estimate.
- 6.10 The total projected cost of Phase 1 works is set out in the table below and compared to the budget:

	Budget	Total projected cost
Construction	£1.507m	£1.011m
Other	£0.539m	£0.430m
Total	£2.046m	£1.441m

7. Contribution to Strategic Outcomes

- 7.1 This project proposal supports outcomes as outlined in the Borough Plan 2019-23. All projects commissioned by Officers of the Council are expected to align with this plan and will be reflected in key capital project documentation such as project briefs, design briefs, business cases, project initiation documents (PID) and award reports. The relevant Borough Outcome for this project is: **People** - our vision is a Haringey where strong families, strong networks and strong communities nurture all residents to live well and achieve their potential.
- 7.2 Stroud Green Primary School falls into wave 1 (priority 1) of the Children's Service's asset management plan (CSAMP) and is therefore procured in accordance with the priorities set out in the Children's Capital Programme.

8. Statutory Officers comments (Chief Finance Officer, Procurement, Assistant Director of Corporate Governance, Equalities).

8.1 Finance

8.1.1 The recommendation of this report is to award a contract to Mulalley and Co Ltd in the sum of £1.011m for the works. A client construction contingency is also recommended with a value of £0.101m. In addition to this contract sum, there will be other costs in delivering the scheme. These are PM fees, design fees, QS fees, contingencies, statutory costs and sundry other costs of £0.430m. The estimated total cost of the scheme is £1.441m which can be contained within the overall Children's Service approved 2021/22 capital programme.

8.1.2 The estimated outturn for the Phase 1 is set out in the table below:

	Prior years expenditure	2021/22	2022/23	Total
Projected Total	£0.167m	£1.246m	£0.028m	£1.441m

8.1.3 The scheme has been granted an allocation of funding £129,449 from the public sector decarbonisation programme, a government initiative sponsored by the Department for Business, Energy and Industrial Strategy and administered by Salix. The terms of the grant are that the relevant works need to be completed by the 30th September 2021. If this date is missed, then there is a risk that the grant allocation will need to be repaid. However, the project was programmed to start before the Council knew of the Salix grant and had already put in place sufficient funding for the scheme, so the project is not dependent on Salix funding. Should the Salix deadlines be met then the Council will reduce the amount of borrowing in relation to this scheme.

8.2 Procurement

8.2.1 Strategic Procurement (SP) note that this report relates to the approval of award for Stroud Green Primary School - Building Services Improvement and External Envelope Phase 1 Works.

8.2.2 SP support the recommendations in this report in accordance with Contract Standing Orders clause 9.07.1d and 9.07.3.

8.2.3 Pursuant to CSO 9.07.1d and 9.07.3, SP confirms that tenderers were invited to Tender through the London Construction Programme framework – under Education and Leisure lot 2.1b North £1m-£5m.

8.2.4 Compliant tenders were received from three contractors with further clarifications needed to achieve the final price.

8.2.5 SP note that tender returns were evaluated independently by the Quality Panel and the Price element of the tender evaluated separately by external consultants. One of the bids received was eliminated due to not meeting the quality threshold of 24%. Mulalley & Co Ltd scored the highest combined Quality and Price score of 88%.

8.2.6 SP support the recommendations within this report and have no objections with awarding this Contract to Mulalley & Co Ltd for £1,113,197.80.

8.3 Legal

8.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.

8.3.2 The contract which the report relates to has been procured under the London Construction Programme Framework Agreement under the Education and Leisure lot 2.1b North £1m-£5m. This complies with the Public Contracts Regulations 2015 (Reg 33) and the Council's Contract Standing Orders (9.01.2 (f) (procuring under a framework agreement)).

8.3.3 The decision to award this contract will be a Key Decision as it involves expenditure in excess of £500,000. The award must comply with the Council's governance processes in respect of Key Decisions including publication in the Forward Plan (see CSO 3.01 (d).

8.3.4 Pursuant to CSO 9.07.1d the Cabinet has authority to approve the recommendations in the report.

8.3.5 The Cabinet also has power to approve the issue of a letter of intent.

8.3.6 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing the 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 the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

8.4.2 The proposed work aims to address the school's buildings deficiencies identified in the feasibility studies to prevent failure of the building fabric and building services, which could lead to the school closure and also to improve the building energy efficiencies.

- 8.4.3 The proposed decision is to award a contract for the Mulalley & Co Ltd to undertake building improvement work on Stroud Green Primary School. This will affect roughly 320 students and members of staff.
- 8.4.4 The objective of the proposed decision is to replace the heating distribution system, hot water systems, repair windows and external doors, secondary glazing installations, roof repairs and loft insulation, which will ensure that adequate ventilation is maintained in the school to prevent the spread of the Coronavirus and will improve the building energy efficiencies of Stroud Green Primary School. It is expected that this decision will lead to improved health and safety of all students and members of staff.
- 8.5.5 The building works will commence during school holidays to minimise disruption, however due to the amount of work required there will be situations where the works must be done during term time. To mitigate the disruption for students, Mulalley & Co Ltd will decant students into classrooms away from the building works. Therefore, no negative consequences are identified for those who share a protected characteristic, and it is concluded that the works will have a positive impact by improving the health and safety of Stroud Green Primary School, the proposed decision therefore represents a proportionate means of achieving a legitimate aim.
- 8.5.6 As an organisation carrying out a public function on behalf of a public body, Mulalley & Co Ltd will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above. Appropriate contract management arrangements will be established to ensure that the delivery of the major works does not result in any preventable or disproportionate inequality.

9 Use of Appendices

- 9.1 Appendix 1 – Part B

10 Local Government (Access to Information) Act 1995

- 10.1 List of background documents:

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 statutory holding that information).