

Report for Cabinet Member Signing, scheduled for 2nd July 2021

Title: Chestnuts Primary School – External Envelope and Building Services Improvement – Award of Construction Contract



Report authorised by: Director Children's Services, Ann Graham

Lead Officer: Chris Hill, Major Projects Project Manager
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Ward affected: St Anns

Report for Key/Non-Key Decision: Key Decision

1. Describe the issue under consideration

- 1.1 To request approval to award a contract to Kind Diamond Build Consortium Ltd up to the value of £4,060,282.22 to undertake external envelope and building services improvement works at Chestnuts Primary School pursuant to contract standing order 16.02.
- 1.2 Pursuant to Contract Standing Order (CSO) 16.02 to approve the issuance of a letter of intent.

2. Cabinet Member Introduction

- 2.1 As this report is being presented to Cabinet Member Children, Education and Families for a decision, Cabinet Member introduction is not required.

3. Recommendations

For Cabinet Member for Children, Education and Families pursuant to Contract Standing Order 16.02 to:

- 3.1 Approve an award of contract to Kind Diamond Build Consortium Ltd to the value of £3,691,165.66.
- 3.2 Approve a contingency allowance of 10% that equates to £369,116.56 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 £369,116.56.

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 need addressing in the short, medium, and long-term.
- 4.2 Chestnuts Primary School is high priority for major works due to issues relating to health and safety or the school is at risk of school closure.
- 4.2 In 2019 a commission was given to further investigate and address urgent works relating to the condition of building services (i.e. heating, electrics and plumbing), external envelope (i.e. roofs, windows) and boundary security.
- 4.3 The scheme has been granted an allocation of funding £0.262m 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.
- 4.4 A scheme for Chestnuts Primary School has been developed, with sectional completion dates in order to achieve the following:
- Salix Public Sector Decarbonisation grant funding works (Window replacement, LED Lighting, Loft Insulation, Building Management System).
 - Boiler and heating works completion prior to the heating season starting in October.
 - Decant classroom spaces completed prior to the start of the September term.
 - Roof replacement, brick repointing, small power and data
- 4.5 This construction award report requests a decision on the procurement of a contractor to undertake all of the external envelope and building services infrastructure works identified, designed and approved by the project sponsor.
- 4.6 A Cabinet Member decision is required in July 2021 to enable timely mobilisation and facilitate procurement of longer lead in materials as soon as possible which will offer greater likelihood of achieving maximum grant funding available.

5. Alternative Options Considered

- 5.1 Do nothing – 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.

5.2 Delaying a decision until 13th July 2021 Cabinet would add additional time to the programme. Not being able to award contracts and place orders at the earliest opportunity would severely increase the risk of:

- Not achieving the criteria for the completion of carbon grant funded works (before 30th Sept 2021) with the risk of lost funding.
- Not having sufficient time to build and complete the decant classroom spaces.
- Failing to complete the heating works prior to the Heating season starting will result in increased costs borne to the council for temporary boilers.
- Delaying the completion of the scaffold erection until after the start of the September term, thus resulting in an increased H&S risk to the children and adults on site.
- Reducing our summer holiday working window by a minimum of 4 weeks which will not allow us the opportunity to maximise the school summer holiday period and utilise the existing nursery building as decant space.

6. Background Information

6.1 London Borough of Haringey (Haringey) are seeking 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, Chestnuts 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 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 plant breakdown or roof leaks. The project will also help the school reduce its energy demands and relieve some budgetary pressure.

6.5 Alongside this it will support the Borough's carbon reduction and climate change ambition by delivering approx. 19.32 tCO₂pa carbon reduction through the installation of energy efficient measures such as double glazing and roof insulation. 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. To enable these works, the Council successfully secured external funding from the government (through SALIX funding) to a value of £261,890.

6.6 The works have been designed to Stage 4 of the Royal Institute of British Architects (RIBA) Plan of Work 2013.

6.7 As part of the RIBA stage 2-4 design the following surveys and investigations have been completed:

- Drone Survey
- Acoustic Survey
- Measured Survey
- Roof Survey
- Investigation to roof voids
- Temporary accommodation survey
- Asbestos R&D survey
- Window and external door surveys
- ICT Survey

6.8 Whilst a range of surveys have been carried out in the preparation of the tender documents for this refurbishment scheme, they will never provide absolute certainty as to the condition of the building. Therefore, a contingency has been allowed for in the budget and its use will be carefully monitored and reported upon during the projects progress.

6.9 Following completion of a full RIBA 4 design, the tender was issued to the construction market via the HPCS, under the London Construction Programme (LCP) Framework. Under Lot 2.1b (Education and Leisure – North London - £1m-£5m) 9 contractors were invited, with 3 tenders received on the 17/05/21. All tenders have been evaluated on a 40% quality and 60% cost split by an independent evaluation panel. The results of this assessment are below:

Tenderer	Price	Price Score (60%)	Moderated Quality Score (40%)	Combined Cost and Quality Score	Final Ranking
Kind Diamond Consortium Ltd	£3,691,165.66	60%	32.8%	92.8%	1

6.10 The assessment concludes with a recommendation to award a construction contract to Kind Diamond Consortium Ltd up to the value of £3,691,165.66 (excluding construction contingency).

6.11 The construction costs given reflect the design in response of the adaptations for service delivery and condition issues as it's an existing building there is always a risk assumption made may be incorrect as we do not have full historic information of the existing building.

6.12 All works have been specified and measured by independent design and cost consultants to ensure best value for the Council against pre-determined market rates.

6.13 The total projected cost of the scheme is set out in the table below and compared to the budget.

	Total projected cost
Construction	£3,691,165.66
Other	£1,273,341.34
Total	£4,964,507

7 Contribution to Strategic Outcomes

7.1 This project proposal supports outcomes as outlined in the Borough Plan 2019-23, in particular:

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 Chestnuts 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, Corporate Governance, Equalities).

8.1 Finance

8.1.1 The recommendation of this report is to award a contract to Kind Diamond Consortium Ltd in the sum of £3.6921m for the works. A client construction contingency is also recommended with a value of £0.369m. 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 £1.273m. The estimated total cost of the scheme is £4.965m which can be contained within the overall Children’s Service approved 2021/22 capital programme.

8.1.2 The spend profile for the project is set out in the table below:

	Prior years expenditure	2021/22	2022/23	2023/24	Total
Projected Total	£0.281	£2.876m	£1.718m	£0.09	£4.965m

8.1.3 The scheme has been granted an allocation of funding £0.261m from the public sector decarbonisation programme, a government initiative sponsored by the Department for Business, Energy & 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 awards for Chestnuts Primary School — Award of Construction Contract (Construction Contract Award) to provide External Envelope and Building Services Improvements.

8.2.2 SP support the recommendations in this report in accordance with Contract Standing Orders clause 7.0.1. (b) 10.01.01 (a), and 9.07.3

8.2.3 Pursuant to CSO 7.01(b) and Regulation 33 of the Public Contracts Regulations 2015, SP confirms that tenderers were invited to Tender through the LCP Major Works 2019 Framework under Lot 2.1b, Education and leisure.

8.2.4 Compliant tenders were received from 3 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 prior to release of the Price element of the Tender. Kind Diamond Consortium Ltd scored the highest in quality and in price, scoring 92.8% overall.

8.2.6 SP notes that as per section 8 of this report, funding is available for this Contract.

8.2.6 SP support the recommendations within this report and have no objections with awarding this Contract to Kind Diamond Consortium Ltd for £3,691,165.66.

8.3 Legal

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

8.3.2. The Council has followed a competitive procurement using the London Construction Programme (LCP) Major Works Framework Agreement. The LCP Major Works Framework Agreement was set up by the Council in accordance with procurement legislation and its use is also permitted by Contract Standing Order 7.

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

8.3.4. The Leader has power, between meetings of the Cabinet, to take decisions ordinarily reserved for Cabinet (see CSO 16.02) so may approve the award of this contract. The Leader may also approve the issue of a letter of intent up to 10% of the value of the contract.

8.3.5 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing the Leader 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.

The proposed decision is to request approval to award a contract to Kind Diamond Consortium Ltd up to the value of £3,691,165.66 to undertake works to the building infrastructure and building fabric. It was identified that the condition and suitability deficiencies at Chestnuts Primary School are a high priority for major works due to issues relating to health and safety or school closure risks.

As an organisation carrying out a public function on behalf of a public body, Kind Diamond Consortium 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.

8.1.1 An Equalities Impact Assessment has been completed for Chestnuts Primary School, included as Appendix A to this report, and uploaded on to the Haringey Council website. The EqIA raises no equalities concerns, with the proposed works being conducted in phases, to ensure there is minimal interruption to service provision. The expected impact on protected characteristic groups is either neutral or positive. The

following measures have ensured that the works comply with the Council's equalities duties:

- No reduction in service provision, either during the works or once they are completed.
- Services will be improved through better buildings and IT, making services more accessible and effective;
- Improved access arrangements
- New heating will also be installed, making the environment more comfortable for all;
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9 Use of Appendices

9.2 Appendix A – 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).