

PROCUREMENT COMMITTEE

On 11 June 2009

Report Title.

Building Schools for the Future: Award of Contract for Heartlands High SchoolReport authorised by **Director of the Children & Young People's Service****Signed:**


Contact Officer :

David Bray**020 8489 1824****david.bray@haringey.gov.uk**Wards(s) affected: **Alexandra**Report for: **Key Decision****1. Purpose of the report**

1.1 To seek Procurement Committee approval to award the main works design and build contract for Heartlands High School.

2. Introduction by Cabinet Member

2.1 This new school will not only provide an excellent educational facility it will also regenerate a neglected area of Wood Green. It will incorporate a wide range of sustainable features and in so doing will contribute to our Greenest Borough Strategy.

2.2 We have been fortunate to have had excellent bids returned and I am confident that they have been examined in a robust and diligent manner.

2.3 I am happy to recommend acceptance of the proposal to award the construction contract as set out in this report.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**3.1 Council Priorities****3.1.1 Making Haringey one of London's Greenest Boroughs**

3.1.1.1. The Heartlands High School Project exhibits a number of sustainable features, as follows:

- A Green Roof
- Combined heat and Power unit
- Brise Soleil shading to windows to reduce heat gain and glare.
- Ground source heat pump
- Voltage optimisation to reduce overall electrical consumption
- Wind turbine
- Energy efficient lighting
- Daylight Lighting sensing
- Lighting occupancy sensing
- Utilities sub-metering
- School travel plan to promote sustainable transport methods
- Recycled construction materials
- Certified Timber (Chain of Custody)
- Reduced Volatile Organic Compound materials
- Sustainable measures visible to students

3.1.1.2. The scheme will achieve a Building Research Establishment Environmental Assessment Method (BREEAM) "Excellent" rating.

3.1.2 **Creating a Better Haringey: Cleaner, Greener and Safer**

3.1.2.1. The Heartlands High School Project will renew, improve what is an abandoned site close to the Alexandra Park train station and Wood Green Common. At present this space is derelict and an eye sore to local residents. . The project will also introduce more trees within the area than at present, including a number on Wood Green Common. The increased presence of children and adults will improve general safety in and around Wood Green Common and Alexandra Park.

3.1.3 **Encouraging Lifetime Well Being, at Home, Work, Play and Learning**

3.1.3.1. The BSF programme will contribute to the transformation in outcomes for young people in Haringey by improving the learning environment, providing anywhere/anytime access to ICT, increasing inclusion and providing a wider range of pathways of study.

3.1.3.2. The BSF programme will improve access to extended services in and around schools and contribute to improving community cohesion. Examples include access to out of hours study support for children and families, sports and the arts.

3.1.4 **Promoting independent living while supporting adults and children when needed**

3.1.4.1. The specialist provision for pupils diagnosed with Autistic Spectrum Disorder will assist them to integrate with their mainstream peers so that each grow up to understand and support social inclusion.

3.1.4.2. The Construction Partner has undertaken to implement the Council's policies in respect of employing local labour, and creating apprenticeships for local people.

3.1.5 **Delivering Excellent, Customer Focussed, Cost Effective Services**

3.1.5.1. Key to the success of the BSF programme is to improve standards in schools. The BSF programme will add to the learning environment for all young people to enable further progress to be made.

3.1.5.2. The Heartlands High School project will cater for 1105 pupils age 11-16, including 25 pupils of KS3 & KS4 with Autism.

3.1.5.3. Key elements of the Heartlands High School brief included are the need to be a comprehensive community school which specialises in visual arts and media, and a specialism in vocational diplomas.

3.1.6 Council Strategies

3.1.6.1. The opening of Heartlands school is a key element in the Council's strategy for change for 11-19 year olds *Bright Futures*. It will also make a significant contribution to the Children and Young People's Plan Changing Lives, so that local children and young people:

- Stay Safe
- Are Healthy
- Enjoy and Achieve
- Make a positive contribution
- Achieve economic well being:

3.1.6.2. The Heartlands school will also make a major contribution to the following Council Strategies and policies:

- Community Strategy by promoting extended services which will contribute health and well-being
- Greenest Borough – reducing carbon emissions, increasing energy efficiency and adding to bio diversity
- Cultural strategy through the school's visual arts and media status
- Economic prosperity by contributing to the regeneration of Haringey Heartlands

3.2 Resources

3.2.1 Value for Money

3.2.1.1. Overall Value for money is achieved by the procurement methodology to prove the economy, efficiency and effectiveness of each project as it is tendered.

3.2.1.2. Five of the contractors on the BSF framework were invited to submit tenders for Heartlands High School project. A sixth contractor was excluded following a financial check. Two of the framework contractors decided early in the procurement process that they would not be able to return a competitive tender so returned the documents issued to them.

3.2.1.3. Tenders were returned on 9th April 2009 at 1.00pm and three tenders were received. Three bidders were therefore evaluated against price, quality and in an interview and weighted against these criteria 30%, 40% and 30% respectively.

3.2.1.4. The AMP will include pre-construction design, change control management, supply chain management / works package tendering with full cost management, value engineering, open book accounting, quality assurance, setting up web based

document management system, pre construction management, knowledge sharing / innovation, progress meetings, sustainability workshops, method statements, procurement of surveys, procurement of material samples, insurances, warranties and bonds and the works.

3.2.1.5. Following Tender returns on 9th April 2009 a tender clarification meeting was held 27th April 2009 with each bidder. Minutes of the meetings were recorded and the contractors were asked to respond to queries raised formally by 1st May. The clarifications will be incorporated into the contract documentation for the successful bidder.

3.2.1.6. The results of the evaluation process are included in the evaluation matrix in Appendix 16.1.1.

3.2.1.7. A thorough Quality Assurance process was conducted following the evaluation period by the Corporate Procurement Group.

3.2.1.8. Due to the nature of the works within a live school site following sectional completion and handover, Criminal Records Bureau (CRB) checks will be monitored by the London Borough of Haringey for the Construction Partners "on site" staff. Supervisors from sub-contractors will also be subjected to CRB. This will bring to the Council's attention anyone unsuitable to work with children and other vulnerable members of society.

3.2.1.9. Designers are briefed to ensure the new build elements comply with the highest level of energy saving. The project has adopted Haringey's sustainability policy. The scheme will achieve a Building Research Establishment Environmental Assessment Method (BREEAM) "Excellent" rating.

3.2.1.10. A thorough analysis of pupil place planning has been carried out to ensure that the school accommodation is appropriate for both current needs and the foreseeable needs of the future. The Temporary Governing Body have signed an agreement to maintain the property in good order once the BSF work is completed. The FM aspect of the PFI contract will be reviewed in parallel with that of other secondary schools at the end of the BSF programme.

3.2.1.11. Work streams within the programme incorporate people from the Haringey work force where practical.

3.2.1.12. A workforce development programme is already in place to ensure the skills, knowledge and experience of the staff match the needs of an effective school.

3.2.2 Engagement of the Community

3.2.2.1. The project has been in development since 2006 and was subject to a consultation in 2007, which engaged a wide number of stakeholders. This led to the Schools Adjudicator determining that the school would open as a community school.

3.2.2.2. Parents of children in 20 local primary schools have been consulted on the Heartlands school and parents groups have been established for the purpose of continued dialogue.

3.2.2.3. The designs have been made available prior to the construction stage for resident drop in sessions, school parents and school governors' review days, school council meetings, assemblies and information has been posted through the doors of

local residents (also available on line for viewing). These initiatives will continue through the construction phase.

3.2.2.4. Full consultation has been undertaken as part of the BSF Stage approvals; this included consultation with Partnership for Schools, Commission for Architecture and the Built Environment (CABE), Development Control and Building Control, the Fire Officer and the Police (Secured by Design).

3.2.2.5. Full planning permission was received for the scheme on the 19 January 2009.

3.2.2.6. The selected construction partner will have a Community Liaison Officer (CLO) whose role is to actively engage with the community through drop in sessions, leaflet drops, open evenings and many more stakeholder engagement activities to allow for comment and feedback during the construction process.

3.2.2.7. During the construction phase of the works the construction partner will set up apprenticeships and encourage the use of locally based labour and unemployed people. Apprenticeships will be within various positions, for example, trades, administration and management. These will be monitored as a Key Performance Indicator.

3.2.3 Risk Management

3.2.3.1. Risks are managed within the governance of the BSF programme. This includes Stream Lead meetings and reporting to the Programme Board. The projects are managed within Prince 2 methodology and Managing Successful Programmes. Procurements are managed to European Legislation and advice is taken from legal advisers to ensure compliance.

4. Recommendations

4.1 That the Procurement Committee award the design and build contract, as per the recommendation in Appendix 16.1.6, with a programme of sectional completion and full completion as stated in Appendix 16.3. The Procurement Committee are asked to also approve the recommendations set out in 16.1.7

5. Reason for recommendation(s)

5.1 In April 2007, following an Official Journal of the European Union (OJEU) process, Haringey's Procurement Committee agreed a framework of six Constructor Partners (CP's). These CP's would be used to source the twelve school projects in the BSF programme.

5.2 In May 2008 it was agreed with the Leader of the Council that, in order to give full Member involvement in the BSF Design and Build process, the pre-construction stage would be reported to Procurement Committee for approval. Subsequently the main award with an Agreed Maximum Price (AMP) would also be presented to Procurement Committee.

5.3 Five of the CP's on the framework were invited to submit tenders for Heartlands High School project. A sixth contractor was excluded following a financial check. The tender

was conducted on a single stage Design & Build basis on the 29th January 2009, the five CP's were asked to return a tender bid within 10 weeks.

5.4 2 of the CP decided early in the tender programme that they were not in a position to submit a competitive tender and returned the documents provided to them.

5.5 Three separate tenders were requested from each of the bidders; these being

5.5.1 Tender A- sectional completion, section 1 by 27 July 2010

5.5.2 Tender B- sectional completion, section 1 by a date at contractors discretion

5.5.3 Tender C- No sectional completion, full completion no later than 1st July 2011.

5.6 Final Tender

5.6.1 The AMP was submitted and opened on 9th April 2009. The tender included the following information:

- Form of Tender
- Agreement of Terms and Conditions
- Pricing of summary and detailed CSA (for each option A,B & C)
- Proposed Management Structure
- CV's of individuals involved in the day to day provision of the works
- Detailed programmes for the Tender(s) (for each option A,B & C)
- Certificate of non-collusion
- Method statements
- Health and Safety Information
- Demonstration of working with a Network Rail operational boundary

5.7 Health and Safety Implications

5.7.1 During the tender evaluation stage the designs have been reviewed by a Construction Design and Management Co-ordinator, (Gardiner and Theobald). Their duties include:

- Advise and assist the client with their health and safety duties
- Notify details of the project to HSE
- Co-ordinate health and safety aspects of the design work and co-operate with others involved with the project
- Facilitate good communication between the client, designers and contractors
- Liaise with the principal contractor regarding ongoing design work
- Identify, collect and pass on pre-construction information
- Prepare and update the health and safety file

5.7.2 As part of their acceptance onto the Contractor's Framework for BSF the contractor partner is a member of the Contractors Health and Safety Assessment Scheme (CHAS). This has allowed the Council access to contractor partner's information on their Health and Safety record, to ensure that they are meeting the necessary regulations.

6. Other options considered

6.1 Not Applicable

7. Summary

7.1 Following termination of the original PCA, the Heartlands High School BSF project has been the subject of a single stage tendering process. This report addresses the process used to ensure value for money, identify the anticipated costs resulting from the procurement exercise and seeks approval to proceed to award the main design and build contract.

8. Chief Financial Officer Comments

8.1 Members are being asked to approve the award of the Heartlands High School contract to the contractor named in the exempt appendix (paragraph 16.1.6) and on the basis of a sectional completion with the handover as stated in paragraph 5.5.1 (option A) The tables in the exempt appendices demonstrate that this recommendation is affordable within the cash limited budget for this project. However, in addition to its affordability Members will want to be assured that the proposed recommendation meets the service needs of the Authority, i.e. that the school will be available to accommodate the expected pupil intake from the start of the 2010/11 academic year, as this would seem to be the basis for the subsequent termination of the original Balfour Beatty tender.

8.2 Paragraph 16.6 of Appendix 1 sets out further details of the Pre-construction contract with Balfour Beatty.

9. Head of Legal Services Comments

9.1 The Framework agreement was tendered in the EU and selection of the Framework contractors was undertaken in compliance with the EU public procurement directive and the Public Contract Regulations 2006 ("the Regulations") as confirmed by Eversheds the external legal advisors appointed to the BSF programme.

9.2 The Procurement Committee have previously agreed to award this contract to Balfour Beatty on a two stage Design and Build procurement process. However for the reasons set out in Paragraph 16.1.9 it was agreed to terminate the Pre-construction contract with Balfour Beatty and re-tender the project on a single tender basis.

9.3 Tenders for this mini-competition were invited on the basis that the contract would be awarded to the Contractor who submitted the most economically advantageous tender (i.e the Contractor with the highest score applying the evaluation criteria.).

9.4 The evaluation in respect of this mini-competition was carried out by the Council's consultants and reviewed by the Corporate Procurement Unit.

9.5 Paragraph 16.5 of Appendix 1 sets out an issue that could affect the outcome of the procurement process.

9.6 The Head of Legal Services confirms that subject to the issue referred to in Paragraph 9.5 there are no legal reasons preventing Members from approving the recommendations set out in Paragraph 4 of this report

10. Head of Procurement Comments

10.1 Five contractors on the BSF Framework Agreement were invited to tender for this contract, of which three contractors submitted competitive bids.

10.2 The tenders were evaluated using "Most Economically Advantageous Tender" (M.E.A.T) criteria which is a weighted balance between Price and Quality.

10.3 Outcomes from the evaluation stage were then subjected to a robust and detailed quality assurance process that also confirmed that possible project risks had been identified, costed and included in the submitted tenders.

10.4 The selected bidder offers a very competitive price against a challenging construction timescale and it will be important that the overall programme, risk register and any variations are closely monitored and managed in order to meet the planned completion date in 2010.

10.5 The recommendations in this report offer overall best value to the Council.

11. Equalities and Community Cohesion Comments

11.1 An Equalities Impact Assessment has been completed and scrutinised by the equalities team prior to approval by the Director of the Children and Young People's Service. The opening of the Heartlands school in September 2010 will be the culmination of five years of consultation and planning to improve the choice and diversity of 11-16 provision for local parents. Alongside high investments in other local schools, the opening of Heartlands High School will provide a choice of good schools for parents in central Haringey. It will also provide specialist provision for the inclusion of 25 pupils diagnosed with Autistic Spectrum Disorder (ASD).

The opening of the school will achieve the following benefits:

- An inclusive, non-denominational co-educational school for 1105 pupils, which appeals to the widest possible number of families;
- Increased choice of secondary school provision in central Haringey
- Specialist provision for pupils diagnosed ASD
- High quality provision in all areas of the curriculum to promote personalised learning for all, especially in English and mathematics
- Excellent accessibility to all parts of the building for all disabilities
- High quality ICT provision, including 'anywhere, anytime access' to reduce the 'digital divide' which affects low income families disproportionately
- Specialist provision for pupils at risk of exclusions to enable a more personalised curriculum to get them back on track
- Access to excellent facilities for the local community, managed by leisure services and targeted especially to groups under-represented in data on sports and physical activity participation

The above will be monitored through a wide range of performance indicators, in particular:

- The School Evaluation Form (SEF) which the school will complete annually and which covers the areas above

- Performance data published annually on standard tests
- Regular Ofsted inspections
- The School's Equality Scheme (SES) will allow the school to monitor issues in relation to race, gender, age, disability, religion and sexual orientation. The SES will also identify the key Equality Impact Assessments that the school proposes to undertake and will link in with the key issues raised in the BSF programme.

12. Consultation

12.1 A wide range of internal and external stakeholders have been consulted during the course of project development (see also section 3.2.2 above). These stakeholders include local parents and children, the governors of the school, the local community, Development Control, local Members, Partnerships for Schools, DCSF, and the Commission for Architecture and the Built Environment (CABE).

12.2 A Governing Body Agreement has been signed with the Temporary Governing Body of Heartlands High School which acknowledges that the successful bidder will require access to the school premises to carry out the works and that the school will liaise closely with them to support the sectional completion requirements of the scheme.

12.3 Legal Implications (provided by Eversheds?)

13. Service Financial Comments

13.1 Appendix 16.1 presents the AMP Stage Cost Schedule for each of the three options and three tendering contractors. This table confirms all project cost elements associated with the project's design and build phases based on information from Potter Raper Partnership and confirmed by the Mace Project Manager. This table makes allowance for increased professional fees associated with completing this project, and abortive costs associated with re-tendering the Heartlands High School construction contract. These tables show the Maximum Project Cost for each option and tenderer compared to the Cash Limited Budget for the project.

13.2 In selecting the successful tender, the Procurement Committee should note the affordability of each option compared to the available Cash Limited Budget – affordable project options show a minus figure at the foot of the relevant column, indicating that this particular option is within budget.

13.3 The level of client provisional sums for this project should be noted (See Provisional Sum Schedule 16.2), representing 0.94% of the AMP sum. Agreement of final costs within the identified provisional sums plays a critical part in ensuring that the project can be managed within agreed budget levels. The Procurement Committee should therefore note the relatively low risk in this case. The BSF cost consultant has confirmed that the provisional sums allocated for this project are reasonable for the works anticipated.

13.4 DCSF issued a revised promissory letter on Monday 24th November 08 confirming the BSF programme Full Business Case had successfully been signed off, and the total grant funding payable to the council. As defined in the DCSF Funding Protocol, the date of this promissory letter defines the moment of financial close for funding purposes. This was confirmed by the discussion and minute of the 21st October BSF Programme Board.

14. Use of appendices /Tables and photographs

14.1 Agreed Maximum Price Summary (16.1)

14.2 Provisional sum schedule (16.2)

14.3 Programme Milestones (16.3)

14.4 Construction awards to date (16.4)

15. Local Government (Access to Information) Act 1985

15.1 The following documents were used in the compilation of this report:

15.2 The Council's Standing Orders

15.3 Appendix 1 of this report contains exempt information and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

- *Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).*