

Report for: Cabinet Member Signing – 16 February 2022

Title: West Green and Bruce Grove Primary Schools – Building Services and External Envelope Works – Variation of Construction Contract

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

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Ward(s) affected: St Ann’s and Bruce Grove

**Report for Key/
Non Key Decision:** Key Decision

1. Describe the issues under consideration

- 1.1 On 2 July 2021, the Cabinet Member for Early Years, Children, and Families approved an award to Mulalley & Company Ltd for the Construction Contract for West Green Primary School in the sum of £2,270,002.90. This report seeks Cabinet Member approval to vary the original contract with Mulalley & Company Ltd for the sum of **£374,200** as allowed under Contract Standing Order (CSO) 10.2.1.b and CSO 16.02, to allow for additional roof **and condition** works to be completed at the site. This provides 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.
- 1.2 On 15 June 2021, the Cabinet Member for Early Years, Children, and Families approved an award to Mulalley & Company Ltd for the Construction Contract for Bruce Grove Primary School in the sum of £2,763,207. This report seeks Cabinet Member approval to vary the original contract with Mulalley & Company Ltd for the sum of £318,793 as allowed under Contract Standing Order (CSO) 10.2.1.b and CSO 16.02, to allow for an element of additional works to be completed. This has resulted in significant delays to the programme, for which extension of time requests have been requested.

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

The Cabinet Member for Early Years, Children, and Families is asked:

- 3.1 To note that 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 £2,270,002.90.

- 3.2 To agree a variation of the construction contract to Mulalley & Company Limited in the sum of **£374,200**, giving a total contract sum of **£2,644,202.90** for West Green Primary School.
- 3.3 To note that the original contract award approved by the Cabinet Member for Early Years, Children, and Families for Bruce Grove Primary School was in the sum of £2,763,207.
- 3.4 To agree a variation of the construction contract to Mulalley & Company Limited in the sum of £318,793, giving a total contract sum of £3,082,000 for Bruce Grove Primary School.

4. Reasons for decision

- 4.1 West Green Primary School - During construction, additional condition works were identified that include **building services works** and the complete replacement of the hall roof, as it is in significant disrepair and deterioration across the main roof structure, has rotten and sagging timber framing around its windows, with some splitting of timbers in some occurrences, and significant outward bowing of the roof structure, due to the yielding of the steel ties. The extent of this condition would not be identified through non-intrusive surveys and would only be discovered once the works commenced and the contractor was able to fully access, open up and intrusively inspect the hall roof structure. **This may result in a delay of up to 8 weeks to the project, therefore the above includes a risk allowance for any possible extension of time claim.** The Children's Capital Programme Budget is sufficient to cover this contract increase.
- 4.2 Bruce Grove Primary – During construction and once full access to the roof was available, additional condition works were identified including replacement of roof tiles, detailing and build-up of insulation. Additional glazing and building services works have also been identified. This has resulted in a delay of up to 14 weeks to the project therefore the above includes a risk allowance for an extension of time claim which is yet to be concluded. The Children's Capital Programme Budget is sufficient to cover this contract increase.
- 4.3 Going forward, the Council's Strategic Asset Management Programme, will produce a costed asset management works programme that can inform items like this; so it can be referred to and allowances can be made within contracts when under taking significant capital works.

5. Alternative Options Considered

- 5.1 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 school with a roof at the end of its serviceable life, and increase the health and safety risk of closure (in part or full site) and disruption to children's education.

6. Background Information

- 6.1 London Borough of Haringey are seeking to identify and address building condition and suitability issues across the Education/schools estate.
- 6.2 A major review of the condition and suitability of the Children's Services estate has been undertaken, which 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. Both West Green and Bruce Grove Primary Schools were considered high priority for major works due to issues relating to health and safety and/or risk of school closure.
- 6.3 As outlined in the original reports, this condition project brings several benefits to the schools and the Council, with the primary objective of providing an improved educational environment 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 projects will also help the schools reduce their 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.
- 6.4 These works at both West Green and Bruce Grove, include works as part of the public sector decarbonisation programme, a government initiative sponsored by the Department for Business, Energy & Industrial Strategy and administered by Salix (Salix works) grant i.e. improvements in roof and loft insulation, new heating and water services pipework, new boilers, roofing repairs / replacements. At both schools the works also include new windows. These works are designed to improve the school environment whilst at the same time reducing the schools' running costs and carbon footprint. These projects have been granted allocations of funding £325,000 (West Green) and £243,000 (Bruce Grove) by Salix (Salix works). The grants will be used to part fund the scheme thus reducing the amount of borrowing that the Council will need to undertake. The works are being delivered as part of one of the largest investment programmes for our schools in the challenging environment brought about by Covid.
- 6.5 Once works had commenced at West Green, with the erection of the crash deck and working platform under the hall roof, subsequent inspections revealed unexpected greater deterioration across the main roof structure, which requires additional condition works to fully address and replace the roof. The option to replace the roof on a like-for-like basis or an alternative flat roof were duly considered, however, following a robust cost and benefit analysis, taking into consideration logistics and disruption, as well as a fluctuating market place in terms of inflation being experienced across the board, it was concluded to replace on a like-for-like basis. Avoiding additional maintenance requirements/costs, change to existing profile and additional ventilation requirements

- 6.6 Taking the opportunity to fully replace the failing roof structure, will enable modern materials with improved insulation standards to be used and provide an enhanced carbon benefit, further reducing the school's energy demands.
- 6.7 For background on the cause for change on Bruce Grove Primary School – as outlined in 4.2, additional works identified when on site have caused delays to the programme, which subject to completion of the extension of time request; results in a potential contract increase of £318,793.
- 6.8 Both projects did have prudent allocations of contingency funding of 10% of the contract value. However, these have been exhausted meeting:
- Normal levels of expected risk for projects of this nature; and
 - Significantly increasing market sector costs, beyond those predicted in June/July 2021.
- 6.9 The quantity surveyors have verified and confirmed the additional condition work costs for both schools are in line with market rates and will not result in the Council paying any additional costs compared with them being included within the tender.
- 6.10 The contract increases are within the Children's Capital Programme Budgets for the works and therefore there is no additional funding requirement.
- 6.11 The total anticipated final outturn costs of the West Green and Bruce Grove schemes can be contained within the approved Children's Capital Programme Budget:

Description	West Green	Bruce Grove
Construction Cost (including contingency)	<u>£2,644,203</u>	£3,082,027
Other Costs	<u>£1,863,722</u>	£1,485,339
Total Cost	£4,507,925	£4,567,366

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 West Green and Bruce Grove Primary Schools fall 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, Head of Legal and Governance, Equalities).

8.1 Finance

- 8.1.1 The recommendation of the report is to vary the contract value for works at West Green and Bruce Grove Primary Schools. If agreed the revised contract sum will be as follows:

	Original Award (m)	Variation (m)	Revised Award (m)
West Green	£2.27	<u>£0.374</u>	<u>£2.644</u>
Bruce Grove	£2.763	£0.319	£3.082

The above figures are rounded up.

The revised contract sums can be contained within the project budget.

8.2 Procurement

- 8.2.1 Strategic Procurement note the content of the report. The variations noted in the paper are in line with the authority's CSO's and the PCR's. Strategic procurement approves the variation for West Green of **£374,200** and for Bruce Grove of £318,973.

8.3 Legal

- 8.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report. The aggregate values of the original contract awards and the variations referred to in the report are below the threshold where the rules on contract modifications set out in Regulation 72 of the Public Contracts Regulations 2015 apply. The variations are therefore outside the scope of Regulation 72.
- 8.3.2 Pursuant to CSO 16.02 and CSO 10.02.1(b) a Cabinet Member with the relevant portfolio responsibilities has authority to approve the variations referred to in the report.
- 8.3.3 The variations for West Green and Bruce Grove Primary Schools are key decisions and, as such, need to comply with the Council's governance arrangements in respect of Key Decisions, including publication on the Forward Plan.
- 8.3.4 The Head of Legal and Governance (Monitoring Officer) confirms that there are no legal reasons preventing the Cabinet Member for Early Years, Children, and Families from approving the recommendations in this 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 apply to the first part of the duty.

The proposed decision is to request approval to vary the awards of contracts to Mulalley & Company Ltd up to the value stated in Section 1.1 and 1.2 of this report. It was identified that the condition and suitability deficiencies at West Green and Bruce Grove Primary Schools are a high priority for major works due to issues relating to health and safety or school closure risks. It is expected that this decision will continue to lead to improved health and safety of all students and members of staff. No negative consequences are identified for those who share a protected characteristic, and it is concluded that the works will have a wholly positive impact by improving the health and safety of the schools.

As an organisation carrying out a public function on behalf of a public body Mulalley & Company 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 are 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 None

10 Local Government (Access to Information) Act 1995

10.1 None