

Report for: Cabinet Member Signing – 11 May 2022

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

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



Lead Officer: Sylvester Olutayo, Major Projects Senior Project Manager, sylvester.olutayo@haringey.gov.uk

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 16 February 2022, the Cabinet Member for Early Years, Children, and Families approved a variation of the construction contract to Mulalley & Company Ltd for West Green Primary School in the sum of £374,200, giving a total contract award of up to £2,644,202.90.
- 1.2 This report seeks Cabinet Member 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 West Green Primary School, to allow for additional condition works to be completed at the site.
- 1.3 On 16 February 2022, the Cabinet Member for Early Years, Children, and Families also approved a variation of the construction contract to Mulalley & Company Ltd for Bruce Grove Primary School in the sum of £318,793, giving a total contract award of up to £2,763,207.
- 1.4 This report seeks Cabinet Member 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.
- 1.5 Both sets of additional works still provide 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.
- 1.6 The variation amounts and financial details are itemised within Part B of this report as are considered commercially sensitive.

2. Cabinet Member Introduction

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

3. Recommendations

For the Cabinet Member for Early Years, Children, and Families pursuant to Contract Standing Order 16.02 to:

- 3.1 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.
- 3.2 Approve a further variation of the construction contract to Mulalley & Company Limited for West Green Primary School as set out in Part B.
- 3.3 Approve a variation to the contingency allowance to be managed under strict change control governance as set out in Part B.
- 3.4 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.
- 3.5 Approve a further variation of the construction contract to Mulalley & Company Limited for Bruce Grove Primary School as set out in Part B.
- 3.6 Approve a variation to the contingency allowance to be managed under strict change control governance as set out in Part B.

4. Reasons for decision .

- 4.1 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.
- 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 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.
- 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.

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 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.

- 5.2 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.

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 have been used to part fund the scheme thus reducing the amount of borrowing that the Council will need to undertake.

- 6.5 Subsequent inspections of the West Green roof revealed unexpected and greater deterioration across the main roof structure, which requires additional condition works to fully address and replace the roof. 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.
- 6.6 Additional works identified at Bruce Grove – as outlined in 4.2.
- 6.7 In full discussion with both schools, it's been discussed that the programmes of works will now continue beyond the May exams, so arrangements are being made to manage the works on site, minimising or stopping works when necessary, to enable the pupils to complete their exams without disruption or disturbance.
- 6.8 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. The consultants are also reviewing and requesting further substantiation of the potential extension of time claims.
- 6.9 The contract increases are within the Children's Services Capital Programme Budgets for the works and therefore there is no additional funding requirement.
- 6.10 The total anticipated final outturn costs of the West Green and Bruce Grove schemes can be contained within the approved Children's Services Capital Programme Budget.

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 Services 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 further vary the contract value for works at West Green and Bruce Grove Primary Schools.
- 8.1.2 The revised contract sums can be contained within the Children's Services Capital Programme.
- 8.1.3 Further financial comments are contained within Part B.

8.2 Procurement

8.2.1 Strategic Procurement note the content of the report. The variations noted in Parts A and B of this report are in line with the authority's CSO's and the PCR's. Strategic procurement approves the variations requested for West Green and for Bruce Grove Primary School.

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.

8.4.2 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.

8.4.3 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

8.4.4 The proposed decision is to request approval to vary the awards of contracts to Mulalley & Company Ltd to account for additional works that have been identified. 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.

- 8.4.5 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