



**Haringey Council**

<b>Report for:</b>	Cabinet 16 <sup>th</sup> April 2013	<b>Item Number:</b>	
<b>Title:</b>	Rhodes Avenue School Expansion Project Phase 3		
<b>Report Authorised by:</b>	 <b>Libby Blake, Director of Children's Services</b>		
<b>Lead Officer:</b>	Claire Barnes. Tel: 0208 489 1962 Claire.barnes@haringey.gov.uk		
<b>Ward affected:</b> Alexandra Ward		<b>Report for:</b> Key Decision	

**1. Describe the issue under consideration**

- 1.1 To seek approval from Cabinet to vary the third phase of the contract with Balfour Beatty Scottish & Southern Ltd to deliver Rhodes Avenue Phase 3 Expansion Project in the sum of £3,699,118.20 which is fully funded from the Capital Programme
- 1.2 Seek Cabinet approval to issue a letter of variation in respect of the variation prior to the formal contract signature for 10% of the variation value in the sum of £369,911.

**2. Cabinet Member introduction**

- 2.1 The expansion of Rhodes Avenue Primary school from two form to three form entry is designed to meet the local authority's statutory duty to provide sufficient school places. We have worked closely with the school throughout the work and need to press ahead to complete as school demand rises. This variation has been subject to detailed negotiations and I am content that the decision made offers best value for Haringey.



### **3. Recommendations**

- 3.1 Cabinet to approve the variation of Phase 3 of the contract with Balfour Beatty Scottish & Southern Ltd in the sum of £3,699,118 which is fully funded from the Capital Programme.
- 3.2 Cabinet to approve the issuing of a letter of variation in respect of the variation prior to formal contract signature for 10% of the variation value in the sum of £369,911.
- 3.3 Cabinet to note the total cost of Phase 3 including all fees and other associated costs as defined in Part B Exempt Information in the sum of £4,360,000 and to approve this value as the cash limit budget for this phase of the project.
- 3.4 Cabinet to note the current provision within the CYPS capital programme for Phase 3 of Rhodes Avenue Expansion is £2,700,000 and agree therefore that a virement is approved from CYPS capital programme contingency in the sum of £1,660,000 to support the cash limit budget recommended above.

### **4 Background Information**

- 4.1 The London Borough of Haringey identified Rhodes Avenue Primary School as requiring expansion to service the increased pupil numbers in the area.
- 4.2 The school will expand from a 2 form of entry to 3 form of entry offering an increase in pupil places from 420 to 630.
- 4.3 Nursery places will remain at 26.
- 4.4 The project is being carried out in 3 phases aimed to minimise disruption to the school and provide additional accommodation for each additional cohort from September 2011 onwards:
  - Phase 1: New foundation building (nursery and reception)
  - Phase 2: Demolition of the existing Key Stage 1 (KS) building (reception, year 1, year 2), new 12 classroom building for KS2 (years 3-6), extension to the existing office accommodation, extension to the infant hall.
  - Phase 3: Extensive refurbishment of the existing KS2 wing and junior hall and provision of a new block accommodating 3 additional classrooms.
  - External spaces will be progressively developed during each phase.
- 4.5 The overall scope of the project aims to improve existing suitability and condition issues.



## **Haringey Council**

- 4.6 Planning was granted for all 3 phases in April 2010. An amendment to extend the infant hall was further approved in May 2010. These approvals remain current.
- 4.7 Building control application has been approved for all 3 phases. This application remains current.
- 4.8 An equalities impact assessment was completed in November 2010. This remains a live document to be monitored through the life of the project.

## **5 Procurement Process**

- 5.1 An award of contact for enabling work was procured independently to the main contract and approved by the Director of Children and Young People's Services under contract standing orders CSO 11:02. This work was completed in August 2010.
- 5.2 An award of contract for all 3 phases was presented to Procurement Committee and approved in August 2010. The award was made to Balfour Beatty Scottish & Southern Ltd and based on a traditional build only form of contract and whereby the Design element would be done by a separate company, in this case NPS Ltd.
- 5.3 Phases 1, 2 and 3 had been originally procured as a traditional Build only contract and awarded to Balfour Beatty Construction Scottish & Southern Limited following a competitive tendering exercise.
- 5.4 The decision to vary Phase 3 to a Design and Build contract was chosen to minimise the Council's financial exposure and the risk of significant delays.
- 5.5 An options appraisal determined that the most favourable procurement route would be to negotiate with the projects existing contractor, Balfour Beatty Construction Scottish & Southern Limited.
- 5.6 It was decided to renegotiate with Balfour Beatty for Phase 3 for a Design and Build contract where the design risk is passed to the contractor on the basis of a fixed price Design & Build contract.
- 5.7 A document containing a variation to Phase 3 was issued to Balfour Beatty on the 16<sup>th</sup> November 2012.
- 5.8 The variation was negotiated and examined for price and quality factors.
- 5.9 A Quality Assessment was conducted by an Evaluation Panel, comprising the Place & Sustainability Project manager, Design Representative, Client Design Advisor, Construction Procurement Group and School Representative. A pre agreed list of questions relevant to this project was included as part of the



**Haringey Council**

Qualitative Delivery Proposals (QDP). Quality issues addressed through the clarification process with the contractor have been satisfied.

- 5.10 During the evaluation and negotiation process, clarifications and queries were issued to the contractor to enable them to comment and to address any issues including qualifications made. The contractor removed the qualifications and amended specific prices resulting in normalised prices as detailed below.
- 5.11 It should be noted that the price is based on the value of all construction, site establishment, management costs, contractors design, contractor's overheads and profit.
- 5.12 Taking the potential re-tendering costs into consideration and the impact this would have on the programme, the Consultant Quantity Surveyor considers the Council may consider that accepting Balfour Beatty's offer is the best value option overall.
- 5.13 The design received from Balfour Beatty for Phase 3 is in accordance with the Employer's Requirements as defined in the documents and demonstrate a good understanding of the scheme and their proposals for the general management of the project are good. The design continues to demonstrate good sustainable practice, economically and environmentally to achieve maximum life expectancy. A site waste management plan will continue through phase 3. The BREEAM assessment which is an environmental method and rating system aims to achieve a 'very good' status on completion of Phase 3 but is reliant on the quality of information provided by the contractor and consultants on the completion of Phase 1 and 2, therefore at this time we are not able to provide assurance for the purposes of this Cabinet Report that this will be retained.
- 5.14 The defect liability period (rectification period) is 12 months.
- 5.15 The variation includes site establishment and management costs, contractor's design costs, overhead and profit in accordance with the Major Works Framework Agreement.
- 5.16 The value of the variation for phase 3 is £3,699,118.20.
- 5.17 Possession of site for Phase 3 is expected to take place in April 2013 with completion of construction work in March 2014.
- 5.18 The LHC (a procurement organisation in local government) offers a selection of products, services and contractors through pre-tendered framework agreements. A review of LHC framework arrangements was undertaken by the design team prior to the previous award. This was referenced in the documents and will be considered by the contractor during preparation of the contractors design proposals which will be received subject to Cabinet approval of the variation.



## **Haringey Council**

5.19 Place and Sustainability will continue to project manage all 3 phases through to completion and final accounts.

5.20 Extensive consultation has been carried out with end users, parents and members of the local community to the extent of the works for Phase 3.

## **6 Comments of the Chief Finance Officer and financial implications**

6.1 The total cost of Phase 3 of Rhodes Avenue Expansion is estimated at £4,360,000. The current level of budget set aside within the approved CYPS capital programme for this phase of the project is £2,700,000, giving a shortfall of £1,660,000.

6.2 A virement of £1,660,000 is therefore required from the CYPS programme contingency to supplement the current budget to allow the project to proceed. The total programme contingency including funds for pupil place expansion needs available within the approved 13/14 CYPS capital programme is £4,524,000. If this virement is approved, the contingency funds available in 13/14 will reduce to £2.8m. Whilst this will place some additional risk on the overall CYPS capital programme, there are further provisional budgets in 14/15 and 15/16 for contingencies and pupil place planning pressures of £7.6m to cater for the overall risk on the programme over the next 3 years.

6.3 Based on this information the Chief Financial Officer confirms that there are sufficient funds within the 13/14 CYPS capital programme to deliver this project, although the reduction in contingencies will place some additional risk on the overall programme. However, provisional budgets for contingencies and pupil place planning in 14/15 and 15/16 are in place for a further total of £7.6m to deal with overall risk and pupil place planning pressures over the next 3 years.

## **7 Head of Legal Services and legal implications**

7.1 The Director of Children and Young People's Service is seeking Cabinet approval to vary Phase 3 to a Design and Build contract for the Rhodes Avenue Expansion Project.

7.2 As stated in paragraph 5.2 of the report Procurement Committee have previously agreed to award all 3 Phases of this contract to Balfour Beatty Scottish & Southern Ltd on a traditional JCT Build contract. However for the reasons set out in paragraph 5.4 it is recommended that Phase 3 of the contract with Balfour Beatty Scottish & Southern Ltd is varied to a Design and Build contract.

7.3 The existing contract to which this variation relates was procured off the Council's Framework Agreement for the Major Building Construction Works established under the Public Contract Regulations 2006 and in compliance with the Council's Contracts Standing Orders, approved by the Procurement Committee.



## **Haringey Council**

7.4 Cabinet has power under CSO 10.02 to approve the recommendation, provided that to do so is consistent with the provisions of the Council's Financial Regulations and the Public Contract Regulations 2006.

7.5 Subject to the comments in paragraph 2 of Part B of this report the Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations set out in paragraph 3 of this report.

## **8 Equalities and Community Cohesion Comments**

Policy and Equalities Team have been consulted in the preparation of this report and have commented as follows:

8.1 An Equality Impact Assessment was completed on this project in 2010 and reported positively to Members in a report to the Procurement Committee on 22<sup>nd</sup> July 2010.

8.2 The project's aims of school infrastructural improvements and enhanced learning environment and opportunity for children are not affected by the recommendations set out in this report.

8.3 We therefore restate the comments in the 2010 report that the project would:

- a) Have a positive impact on children across all relevant equality protected characteristics, in that all pupils all pupils will benefit from it.
- b) Provide improved opportunities for inclusion and better facilities for teaching, learning and recreation.

## **9 Head of Procurement Comments**

9.1 In reviewing Phases 1 and 2, it was decided (following consultation with Procurement and Legal) to negotiate with Balfour Beatty for Phase 3 to change the form of contract from a traditional Build only to that of a Design and Build contract such that design risk could be passed to the contractor instead of remaining with the Council and the Consultant design team. This renegotiated contract should help provide greater certainty of cost and time for the remainder of the project and enable the project for school expansion to be completed within the revised programme for Phase 3.

9.2 During the negotiations a number of clarifications were raised with Balfour Beatty and these have been closed. However these will need to be continually monitored by the project team.

## **10 Policy Implication**

10.1 This contract supports the Council's policy for provision of pupil places.



**Haringey** Council

## **11 Reasons for Decision**

- 11.1 To complete the expansion of Rhodes Avenue Primary School to service the increased pupil numbers in the areas.
- 11.2 To minimise the Councils exposure to costs and further delays to the programme by varying the final phase of work as a Design and Build project.

## **12 Use of Appendices**

N/A

## **13 Local Government (Access to Information) Act 1985**

List of background documents:

- 13.1 Framework Agreement for Major Works 2011
- 13.2 This report contains exempt and non-exempt information. Exempt information is under the following category (identified in amended Schedule 12A of the Local Government Act 1972). S (3) Information relating to financial or business affairs of any particular person (including the authority holding that information).