



**Haringey Council**

<b>Report for:</b>	<b>Cabinet Member signing on 23<sup>rd</sup> May 2013</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Hornsey School for Girls – Major Heating Works</b>
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<b>Report Authorised by:</b>	 <b>Libby Blake – Director of Children’s Services</b>
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<b>Lead Officer:</b>	<b>Matt Fish – Tel: 0208 4982651</b> <a href="mailto:Matt.fish@haringey.gov.uk">Matt.fish@haringey.gov.uk</a>
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<b>Ward(s) affected:</b> <b>Hornsey Ward</b>	<b>Report for: Key Decision</b>
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**1. Describe the issue under consideration**

1.1 To seek approval to appoint BTU Installation and Maintenance Limited to undertake the major upgrade/renewal works to the heating system at the Hornsey School for Girls

1.2 To seek approval to issue a letter of intent prior to the formal contract signature for 10% of the contract value.

**2. Cabinet Member introduction**

2.1 The heating plant at Hornsey School for Girls is at the end of its life and suffers from regular and costly failures, in addition to having a lack of control that leads to frequent over-heating and under-heating conditions in teaching areas.

2.2 A feasibility report was commissioned that identified the optimum solution for the school that would be to decentralise major plant, replace selected heat emitters, renew gas service, and introduce local control. This would allow the reduction of energy consumption to be maximised (up to 35% energy reduction is expected



in use), whilst providing a comfortable environment suitable for the delivery of learning. This approach will largely re-use existing infrastructure and emitters, thus meeting the affordability criteria whilst providing at least a 15 year residual life for the system.

### **3. Recommendations**

3.1 To approve the award of the contract to BTU Installation & Maintenance Limited.

3.2 To approve the issue of a letter of intent in respect of the contract prior to formal signature for 10% of the contract value.

### **4. Alternative options considered**

4.1 There were three alternative options considered for this project, described as follows:

4.2 Do nothing – The schools heating system is at the end of its life and elements are failing on a regular basis, requiring costly repair. By letting the school spend a significant amount of money on repair of the system, it may be possible for the system to operate for one or two more heating seasons, but unfortunately not without a significant financial commitment.

4.3 Only replace major items of plant and introduce local controls – The replacement of major plant such as boilers / water heaters with modern equipment was affordable, and would have reduced energy consumption significantly through the use of modern energy efficient plant. However, the current design of the heating system is not efficient, and the hot water system is even less efficient so the reduction in energy consumption would not be maximised. This option was discounted on the basis that there was a better alternative that met the cost criteria.

4.4 Renew the entire system including infrastructure / emitters and decentralise plant – This solution, whilst providing a guaranteed extended residual life, did not meet the affordability criteria by a significant margin, and therefore had to be discounted on the basis of cost.

### **5. Background information**

5.1 The Haringey Council Property Manager had identified that the heating system at Hornsey School for Girls required substantial investment in January 2012 and commissioned NPS Property Consultants Ltd (NPS) to undertake surveys of the heating system and produce recommendations to rectify the issues apparent at the time.

5.2 NPS undertook a comprehensive survey of the system and produced a report dated 16<sup>th</sup> April 2012 that identified approximately £950k of capital works required



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to rectify the system to provide a reasonable life for plant and equipment moving forward.

5.3 The NPS estimate of £950k was far in excess of the original £250k envisaged when NPS were commissioned, and hence the Property Manager requested the Capital Programme Team to undertake a full feasibility study of the system to establish a detailed series of options to explore how best to provide Hornsey School for Girls with a heating system that was both fit for purpose, and would stand the test of time, only requiring minimal further investment over the next 15 years.

5.4 The Capital Programme Team appointed Mouchel Limited in December 2012 to undertake a detailed feasibility study in accordance with the service specifications of the London Construction Programme Councils Construction Related Consultants Services (CRCS2012) Framework Agreement .

5.5 The Capital Programme Team appointed Sweett Plc to act as cost consultant during the feasibility stage to provide validation of the likely costs involved, also in accordance with the service specifications of the CRCS 2012 Framework Agreement.

5.6 The feasibility study identified three options in addition to the 'do nothing' option outlined in section 4 above.

5.7 The feasibility study identified a preferred option that was both affordable and would be likely to achieve energy savings of some 35% compared to the current consumption levels at the school.

5.8 An outline design was commissioned using the same professional team engaged on the feasibility study.

5.9 The outline design was incorporated into a robust set of employers requirements to be issued as a design and build tender to the market.

5.10 The outline design and employers requirements were comprehensively reviewed by the cost consultant, who advised that the Pre-tender cost estimate had not deviated significantly from the feasibility cost estimate.

5.11 On the basis of the above, the project was given authorisation to proceed to tender by the Design Stage Review Group on the basis that the project was affordable and met the requirements in terms of delivering benefits for the school.

5.12 Expressions of interest were sought from eight contractors. The contractors have been selected from Constructionline, (a government managed UK register of pre-qualified construction services database). Of these eight contractors were consulted and five contractors expressed a positive interest.



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5.13 The competitive tender was issued on the 11<sup>th</sup> March 2013 to the five contractors who had expressed an interest, these contractors were:

- Allied Mechanical Services Ltd
- BTU Installation & Maintenance Ltd
- GEM Environmental Building Services Ltd
- Jarvis Heating Ltd
- NG Bailey Ltd.

5.14 The invitation to tender required that the competitive tenders be returned no later than 1300hrs on 4<sup>th</sup> April 2013.

5.15 Of the five companies, three contractors declined to tender during the tender period despite a positive expression of interest prior to the tender, these were:

- GEM Environmental Building Services Ltd (Declined 20<sup>th</sup> March 2013)
- Jarvis Heating Ltd (Declined 20<sup>th</sup> March 2013)
- NG Bailey Ltd (Declined 22<sup>nd</sup> March 2013).

5.16 A request for an extension to the tender period was made by one of the remaining tenderers on 27<sup>th</sup> March 2013, and a one week extension was granted on 28<sup>th</sup> March 2013. The revised tender documents were issued to the tenderers with a return date of 1200hrs 11<sup>th</sup> April 2013.

5.17 Two tenderers submitted tenders prior to the revised tender return deadline of the 11<sup>th</sup> April 2013. These were:

- Allied Mechanical Services Ltd
- BTU Installation & Maintenance Ltd.

5.18 The tender returns were evaluated on the basis of a weighting of 60% Quality, 40% Price.

5.19 The financial elements of the competitive tenders were analysed by the cost consultant, and scored in accordance with the criteria issued with the tender.

5.20 Tender evaluation / price

5.20.1 The pre-tender estimate for the construction works was £1,132,283.00

5.20.2 The summary of the tender evaluation was as follows, the tender was evaluated on a weighting of 60% Quality :40% Price basis:



<b>Criteria</b>	<b>BTU</b>	<b>Allied</b>
Price score (40%)	40%	39.42%
QDP Score (60%)	50.5%	35.10%
<b>Total score</b>	<b>90.50%</b>	<b>74.52%</b>

5.21 The Qualitative Delivery Proposal (QDP) was evaluated by a combination of Mouchel and Haringey Councils Project Management team, and scored in accordance with the criteria issued with the tender.

5.22 The Cost Consultant produced a tender report based upon the Financial and QDP submissions which recommended the appointment of BTU Installation & Maintenance Ltd on the basis that they offered the best value.

5.23 The basis of the evaluation including scores and financial information can be found in Part B (Exempt information) of this report.

5.24 Tenders will include all construction costs, site establishment and management costs, contractors design costs, overhead and profit.

5.25 The defects liability period (rectification period) is 12 months.

5.26 The contract is to be awarded on a fixed price basis.

5.27 A letter of intent is intended to be issued for 10% of the contract value to enable works to start.

5.28 As the May Cabinet meeting was rescheduled this reports seeks earlier member approval than the next scheduled Cabinet meeting to enable the contractor to mobilise and to conduct the majority of the work in the school summer holidays.

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

6.1 The total estimated cost of this project including construction, fees and disbursements is £1.3m. Budget provision for this project is included in the approved CYPS capital programme for 13/14, and the project is being funded from the school lifecycle maintenance fund.

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

7.1 The contracts are below the threshold where European tendering is required under the Public Contracts Regulations 2006.

7.2 Contractors were selected from Construction line by the Council's Construction Procurement Group. On the 16<sup>th</sup> of September 2010 Procurement Committee approved the use of Construction line (pre-qualified list for specialist works)



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7.3 Expressions of interest were sought from 8 Contractors taken from Construction line and 5 Contractors who expressed an interest were invited to submit tenders under a mini competition procedure,

7.4 As the award is a Key Decision 28 clear days notice of intention to make the decision should be given through publication in the Forward Plan, as was done in this case.

7.5 Because the value of the proposed contract exceeds £250,000, under Contract Standing Orders (CSO) it cannot be awarded by a Director and should be awarded by Cabinet (CSO 9.07.1d). Further, in accordance with the Cabinet Terms of Reference at Part 3 D of the Constitution, individual Cabinet Members have powers allocated by the Leader to exercise those functions of the Cabinet which fall within that Cabinet Member's specific portfolio responsibilities. On the production of each Forward Plan the Leader shall indicate which decisions are to be taken by the Executive or Cabinet member. This matter has been listed on the Forward Plan and allocated to the Cabinet Member for Finance and Carbon Reduction.

7.6 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

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

8.1 Policy and Equalities Team have been consulted in the preparation of this report and they comment that the proposals and recommendations contained in the report carry no apparent risks of adverse implications for any of persons or groups that have any of the characteristics protected by section 4 of the Equality Act 2010. On the contrary, they will serve to provide a more comfortable environment for the pupils of Hornsey School for Girls and thus enhance their learning. There are no obvious community cohesion implications

## **9. Head of Procurement Comments**

9.1 The contractors have been selected from Constructionline, (a government managed UK register of pre-qualified construction services database).

9.2 The tender has been prepared and tendered on a Quality (60%),Price (40%) basis for this award and is recommended by the project team to proceed to the next stage for award.



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## **10. Policy Implication**

10.1 Not applicable

## **11. Reasons for Decision**

11.1 To provide an environment for the students of Hornsey School for Girls that is suitable for learning delivery

11.2 To reduce the risk of catastrophic failure of the heating system at Hornsey School for Girls leading to lost days of educational delivery

11.3 To reduce the financial risk to Hornsey School for Girls of heating system failure

## **12. Use of Appendices**

12.1 Appendix B – Exempt Information

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

13.1 This report contains exempt and non-exempt information. The exempt information is set out in Appendix B and is not for publication as it contains information 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)