

**REPORT TEMPLATE:
PROCUREMENT COMMITTEE**

HARINGEY COUNCIL

Agenda item: **[No.]**

Report to Procurement Committee 13 February 2007

Report Title: **Children's Centres – Phase Two, Earlsmead & Welbourne Primary Schools (Part A): Award of contract**

Forward Plan reference number (if applicable): N/A

Report of: Steve Barns – Interim Head of Property and Contracts

Ward(s) affected: **Tottenham Green**

Report for: Non key decision

1. Purpose

1.1 This report seeks Member approval to award the contract for the development and construction of a Children's Centre at both Earlsmead and Welbourne Primary School sites. The value of the proposed contract is detailed in Part B(1).

2. Introduction by Executive Member

2.1 London Borough of Haringey has identified Earlsmead Primary and Welbourne Primary Schools as recipients of funding for development of two Children's centres. Both will be funded from Sure Start Children's Centres Phase Two capital funding programme

2.2 I endorse the recommendation to award the contract for the construction works to the contractor named in Part B.

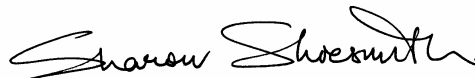
2.3 I am a Governor at Welbourne Primary but have played no part in this procurement exercise.

3. Recommendations

3.1 That Members agree to award the contract for the above project, as allowed under Contract Standing Order (CSO) 11.03, to the contractor named in Part B1.

3.2 That the contract be awarded for the sum stated in Part B1 for a period of 22 weeks.

Report Authorised by:



Sharon Shoesmith
Director
The Children and Young People's Service

Contact Officer: Brendan Bannister, Project manager (CYPS)
(Tel. 020 8489 1960)

4. Executive Summary

4.1 London Borough of Haringey identified Earlsmead and Welbourne as two of the recipients for SureStart Phase Two Children's Centre funding.

4.2 Contractor selection is based on the Framework Agreement

4.3 Agreement has been reached on a Maximum Price

4.4 Funding is due to be confirmed by the SureStart unit in late January 2007.

4.5 The report seeks the approval of Members to award the contract for the construction of 2 Children's centres and approval of the total project sum.

5. Reasons for any change in policy or for new policy development (if applicable)

5.1 N/A

6. Local Government (Access to Information) Act 1985

6.1 List of background documents:

- Framework Agreement for Major Works, January 2006 (Project banding £250K - £999K).

6.2 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).

7. Background

7.1 The Government has launched Phase Two of the Children's Centres and the London Borough of Haringey has identified Earlsmead and Welbourne to receive funding for development of a Children's centre at each site; both of which are within the Tottenham Green ward.

7.2 Project information was forwarded to the SureStart unit in December and formal approval to fund the projects is due by late January 2007.

7.3 The scope of the works is as follows: To provide a new Children's centre at each site; to remove the existing 'drop in' Centre at Earlsmead; to improve the layout and facilities in the Earlsmead nursery; to improve the facilities for the Welbourne play centre.

- 7.4 The Earlsmead project was initially a Children's Centre phase 1 project that was aborted due to unfavourable planning issues. The SureStart Unit agreed to fund the Children's Centre in the current Children's Centre Phase Two programme of works.
- 7.5 CYPS are project managing this development. Barron & Smith Architects were appointed as lead designer in October 2006 from the Haringey design framework and the main Contractor was selected via the construction Framework Agreement in November 2006. The design (Stage D) was concluded and the tender documents were issued to the Contractor in December 2006. The tender was received and opened on 22 January 2007.
- 7.6 Planning and Building control approval is anticipated late January 2007.

8. Budget

- 8.1 This information is exempt refer section 8.1 of Part B.
- 8.2 This information is exempt refer section 8.2 of Part B.
- 8.3 This information is exempt refer section 8.3 of Part B.

9. Description of Procurement Process

The Construction Procurement Group has recently implemented a number of Framework Agreements available for the call-off of contractors and consultants work. The process for the selection of contractors is outlined below.

9.1 Framework Agreement Methodology

- 9.11 This project falls under the Major Works £250K - £999K band in the Framework Agreement. At the time of selecting the band category, the estimate (exempt information – refer to Part B 8.1) was within the upper limit; however, due to market factors the agreed maximum price now marginally exceeds this limit. Refer to Part B 9.24

There are 12 contractors within this band. The 12 contractors were selected based on quality, price and subsequent interviews. The preferred contractor achieved the highest score based on a matrix of factors.

9.2 Selection of Contractor

- 9.21 In line with the management arrangements for the Framework Agreements, a panel is required to jointly consider the appointment of any contractor from the framework agreement. The project panel met on the 17th November 2006. It was made up of the Project Manager (CYPS), Construction Procurement Group and the project Architect (Baron & Smith).

- 9.22 The Construction Procurement Group has developed a rigorous selection process for the selection of contractors from the Framework. This process has been agreed by audit. It includes such factors as price and quality, health and safety performance, financial status, ranking under the original framework agreement evaluation process and the client's essential project criteria.
- 9.23 A meeting was held with the selected contractor to discuss the project and determine their ability to undertake the works.
- 9.24 This information is exempt; refer section 9.24 in Part B.

9.3 Contractor Pricing Process

- 9.31 The contractor attended a meeting at the Property & Contracts Section of Haringey Council at 48 Station Road, Wood Green, London N22 7TY on 22 November 2006 where they were briefed on the project and provided with a set of tender documents representing the scheme. The cost consultant engaged in preliminary discussions with the contractor and there was agreement on which packages over £5,000 were to be domestic sub contract packages.
- 9.32 The contractor priced the packages of sub-contract work agreed with the cost consultant. The pricing of all these sub-contract packages was carried out on an open book basis. They provided three quotes for each such package. All other works were priced by the contractor on the basis of the Approximate Bills of Quantities supplied to them.
- 9.33 The sub-contract prices and the priced Bills of Quantities submitted by the contractor were assessed by the cost consultant and found to be competitive, best value for money and in line with current market rates. All the contractor's pricing submissions were then presented on the Major Works Agreed Maximum Price (AMP) Summary Sheet. The contractor's preliminaries, overheads and profits formulas set out in the Framework Agreement were then inserted by the cost consultant into the AMP Summary Sheet to arrive at an Agreed Maximum Price for the project works.
- 9.34 The Agreed Maximum Price arrived at in accordance with the above Framework Agreement procedure is as set out in section 9.24 of Part B.
- 9.35 The defects liability period is 12 months

10 Consultation

- 10.1 Extensive consultation has been carried out with the end users in arriving at the agreed layouts and in addition an open evening was held to invite comments and debate. CYPS, Governors, school heads, Primary Care Trust staff, teachers and school staff have all had input in agreeing the schemes. Information and feedback from the consultation event was collated and incorporated in the final layouts and designs.

11 Key Benefits and Risks

11.1 Benefits: Children’s Centres coordinate the provision of child care facilities and help the provision of integrated services to families.

11.2 Risks:

- 1) Increased public expectations about availability and access to services need to be carefully managed by the Children’s Centre management team;
- 2) The various partners on whom delivery of the core offer depends are unable to deliver the defined services, due to changed priorities or levels of resourcing—the impact of changes will need to be closely monitored, and action taken when necessary
- 3) Sustainability issues about child care income – business case planning must be underpinned by child care sufficiency information.

12 Contract and Performance Management

12.1 Contract and performance management will be overseen by CYPS working closely with the Construction Procurement Group.

13 Summary and Conclusions

13.1 This report seeks the approval of Members for the award of the contract to the contractor named and for the stated price named in Part B.

13.2 The project will provide Children’s Centres at both Earlsmead and Welbourne Primary Schools. This project is part of the wider Children’s Centre Phase Two programme of delivery within Haringey.

14 Recommendations

14.1 That Members agree to award the contract for the new building work, as allowed under Contract Standing Order (CSO) 11.03, to the contractor named at Part B1.

14.2 That the contract be awarded for the sum stated in Part B for a Contract Period of 22 weeks.

15 Equalities Implications

15.1 Children’s Centres increase access to early childhood services across Haringey. Within this strategy for universal access, integrated services for children in higher levels of need will be strengthened, thereby reducing inequality of outcomes for Haringey’s children.

16 Health and Safety Implications

- 16.1 This project has appointed a Planning Supervisor from the approved list of framework consultants. The Planning Supervisor is responsible for the management of the demolition and construction health and safety and risk management issues.

17 Sustainability Implications

- 17.1 The Children's Centres have been designed around the following principles; OSC (Off site construction) building procurement method employed for the Children's Centre which offers numerous sustainability benefits. Savings in programme time result in reduced impact of works on site and for the local community. Increased high quality workmanship and reduced levels of defects minimises the need for ongoing maintenance. OSC methods lead to a significant reduction in the numbers of deliveries to site as compared to traditional construction methods.

The buildings are designed to meet high levels of insulation to comply with recently updated building regulations requirements, thus minimising where possible ongoing power usage requirements. Fixtures and fitting maintain a sustainable conscious approach, for example heating and hot water will be provided by a condensing gas boiler, water system to incorporate spray taps and low volume dual flush toilet cisterns. Doors and windows are all high performance double glazing units and where possible windows are openable affording good natural ventilation throughout building.

The site location enjoys ease of access to good public transport links with bus and tube links within less than 5 minutes walk for ongoing access by users and staff alike.

A small element of work at Earlsmead has necessarily followed a more traditional procurement but maintaining all the principles as stated above.

18 Financial Implications

- 18.1 In order to claim the full available amount of SureStart funding the works must be completed by March 2008 and the level of expenditure required by March 2007 is such that Property and Contracts need to award the building contract by end of February 2007/ early March 2007.
- 18.2 **The SureStart unit is due to issue full project approval in January 2007 or early February 2007. Appointment of the contractor is subject to funding approval by the SureStart unit.**

19 Comments of the Director of Finance

- 19.1 Work on this project began last financial year. To date we have incurred expenses amounting to £92k for the Earlsmead and Welbourne projects, most of which is on professional consultant fees. The project is now ready to move into the site mobilisation and construction phase.
- 19.2 However there is now a tight timescale to meet to ensure that expenditure is defrayed in this financial year as per the terms of the grant. Overall Haringey have received a SureStart capital allocation of £4.201m that needs to be spent in 2006/07. Officers will need to monitor the project closely to ensure that relevant timescales and grant instructions regarding expenditure are met by March 2007 in order that we maximise our grant allocation.
- 19.3 **As outlined in the report the SureStart unit are still to issue full project approval for Welbourne and Earlsmead.**
- 19.4 **Appointment of the contractor must be subject to final approval by the SureStart unit. This is expected to be confirmed in January 07.**

20 Comments of the Head of Legal Services

- 20.1 The Construction Procurement Group has utilised the Council's Framework Agreement for Major Works which was tendered in accordance with EU legislation.
- 20.2 Under the Public Contracts Regulations 2006 a call-off contract may be awarded by application of the terms laid down in the Framework Agreement without reopening competition.
- 20.3 The Head of Legal Services confirms that there is no legal reason preventing Members from approving the award of this contract.

21 Comments of the Head of Procurement

- 21.1 This procurement has been undertaken in line with the agreed arrangements for the call off of contractors from the framework agreement. (The CYPS have been extremely efficient in the full utilisation of the framework agreements).
- 21.2 Moreover, in order to ensure that the selection of this contractor will deliver value for money, the principle of open book accounting will ensure that there is cost transparency on this project.
- 21.3 The Head of Procurement is encouraged to see the use of modern methods of construction – i.e. off-site construction methods – utilised on this project. The emphasis on higher quality outturn on this type of project is to be encouraged where project timescales are tight.
- 21.4 Subject to full financial approval in late January, the Head of Procurement supports this procurement, and the recommendations made to Members to approve both the contractor selection and the contract price.

22 Use of Appendices / Tables / Photographs

- 22.1 Part B of this report contains exempt information.