



Haringey Council

REPORT TEMPLATE

Agenda item:

[No.]

Procurement Committee

On 26th February 2008

Report Title: Building Schools for the Future; The addition to and the remodelling and refurbishment of the existing sports hall at Gladesmore Community School

Forward Plan reference number: **V69**

Report of: **Director of the Children & Young People's Service**

Wards(s) affected: **Seven Sisters**

Report for: **Key**

1. Purpose

1.1 To seek approval from the Procurement Committee for the award of the construction contract for the addition to and the remodelling and refurbishment of the existing Gladesmore Community School's sports hall. This is subject to Cabinet approval to underwrite funding of this Sports Hall project to a maximum of £0.9m (in the unlikely circumstances that the Final Business Case for the main Gladesmore BSF project is not approved) from the Children & Young People's Service (C&YPS) 2009/10 capital contingency.

2. Introduction by Cabinet Member

2.1 I support the recommendation in this report. The local community, as well as the children at Gladesmore and surrounding schools will all benefit from the enhanced facility.

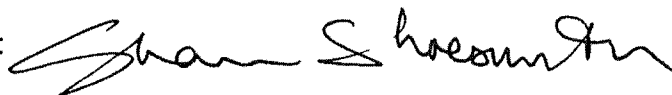
3. Recommendations

3.1 The Procurement Committee agree, subject to Cabinet approval of the underwriting, the award of the Construction Contract from Haringey's Contractor Framework for the Gladesmore Community Sports Hall Project in accordance with the recommendations in appendices (section 19) of this report.

3.2 Award of the Contract by the Procurement Committee is subject to Cabinet approval to underwrite the funding of this Sports Hall project to a maximum of £0.9m from the C&YPS 2009/10 capital contingency (in the unlikely circumstances that the Final Business Case for the main Gladesmore BSF project is not approved).

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4. Chief Financial Officer Comments

4.1 The Chief Financial Officer has been consulted on the preparation of this report and is broadly in support of the recommendations. It is important for the Committee to note, however, the risks highlighted in this report should the final business case not be approved, however unlikely, as the Children and Young People's Service capital programme will be seriously compromised should their contingency be called upon in the unlikely circumstances set out below.

4.2 The risk is being taken solely by the Children and Young People's Service, the rest of the Council's capital programme will, therefore, be unaffected.

4.3 The effective 'underwriting' of the scheme by the Children and Young People's Service, outlined in paragraph 13 below, will require Cabinet approval, therefore this Committee's approval will need to be subject to that approval being granted.

5. Head of Legal Services Comments

5.1 Pursuant to Regulation 19 of the Public Contracts Regulations 2006 ("the Regulations") which allows local authorities to enter into framework agreements with contractors and select contractors for specific projects from the contractors with which it has concluded framework agreements, the Council has entered into Minor and Major Works Construction Framework Agreements with a number of contractors.

5.2 Under the Regulations, the contract for a specific project under a Framework Agreement may be awarded to the contractor who offers either the lowest price or the most economically advantageous tender in respect of that contract, as determined either (1) by application of the terms laid down in the Framework Agreement without reopening competition, or (2) by a mini-competition between the contractors on the

framework agreement who are capable of performing the contract.

- 5.3 External consultants (MACE) have confirmed that a mini-competition has been held with 7 of the contractors on Council's Major works Framework Agreement in compliance with the Public Contracts Regulations 2006, and that based on the outcome of the mini-competition the most economically advantageous tender in relation to the proposed contract is that submitted by the recommended contractor.
- 5.4 The Children and Young People's Service has confirmed that details of the contract have been included on the Forward Plan, Version 69, as the value of the contract is above the Council's Key Decision threshold of £500,000,
- 5.5 Because the contract value exceeds £250,000, Procurement Committee's approval of the proposed award is required under Contract Standing Order 11.3.
- 5.6 The Head of Legal Services confirms that, subject to funding, there is no legal reason preventing Members from approving the award of the contract in accordance with the recommendations of Paragraph 17 of this report.

6. Head of Procurement Comments

- 6.1 The selection of the contractors to compete within the mini competition has been carried out in accordance with the Construction Procurement Groups Framework agreements for major works.
- 6.2 A mini competition was undertaken with those contractors who are suitable to carry out the works from the relevant framework banding.
- 6.3 A price quality assessment has occurred 70%/30%. The 30% quality evaluation includes for 15% allocated to interview.
- 6.4 Further value engineering exercises have occurred with the lowest three priced tenderers. Only one of whom (as recommended by the projects external Consultants) are willing to commit to the price and programme.
- 6.5 The Head of Procurement therefore acknowledges the recommendations made to Members by the external Consultants to this project at paragraph 17.

7. Local Government (Access to Information) Act 1985

7.1 The following background documents were used in the production of this report:

- Haringey Council's Major Works Construction Framework documentation.
- The Office of Government and Commerce, Achieving Excellence
- Procurement Guide 09 "Design Quality "
- Haringey "Building Schools for the future" Outline Business Case
- Building Bulletin 98: Briefing Framework for Secondary School Projects
- Sport England Design Guidance Note Sports Halls: Sizes and Layouts 2000 Sport
- England Designing for Sports on School Sites September 2007

➤ This report contains exempt and non-exempt information. Exempt information is contained in the appendices and is **not for publication**.

- The exempt information is under the following categories:
- The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.
- Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.
- The identity of any person offering any particular tender for a contract for the supply of goods or services.

8. Background to project

- 8.1 Gladesmore Sports Hall is an existing 1970s building which forms part of the Gladesmore Community School estate. In 2003 the school was awarded £491,000 of Big Lottery Funding in order to refurbish the existing facilities, provide disabled access and a new dance studio. At the time, it was decided to wait until the Building Schools for the Future (BSF) scheme was designed so that both projects could be designed in parallel.
- 8.2 Once the BSF scheme design was underway the Big Lottery Fund were contacted to understand the constraints surrounding the funding. Their primary constraint was that the funding had to be fully expended by the end of 2009. In order to achieve this the Sports Hall project had to reach practical completion by November 2008 and open for business in January 2009. This would allow for a full year of monitoring by the Big Lottery Fund and the issue of the final 5% of their funding in December 2009.
- 8.3 The timescales did not fit in with the BSF project and so the overall Sports Hall project was split off from the other BSF works and a separate contractor was sought from Haringey Major Works Construction Framework.
- 8.4 The Sports Hall is separated from the main school by a road, which makes it suitable for one contractor to work on the sports hall while a different contractor works on the main school. They would not interfere with each others work.
- 8.5 The overall Sports Hall project will include the following works:
- A new 180m² gym
 - A new 100m² dance studio
 - A new fully accessible entrance
 - Two new accessible WCs
 - Minor refurbishment works to the existing classrooms and changing rooms
 - External hard and soft landscaping works to the existing car park and surrounds

9. Tenders

- 9.1 Eight contractors were selected from the Council's approved list of building contractors. These are listed in Appendices 19.1.

- 9.2 The Contractors were invited to submit a tender based on a project construction programme of 34 weeks (Tender A price) with the option of an alternative tender price providing the opportunity for a variant construction programme (Tender B price). The submission was judged on price 70%, quality 15% and interview 15%.
- 9.3 The Contractors were asked to provide two copies of the following documentation:
- Forms of tender for A and B
 - Priced Tender Document
 - Pricing of project specific preliminaries for tender A
 - Health and Safety Information
 - Responses for qualitative assessment
- 9.4 The Contractors were asked to respond to the following questions within their tender:
- Confirmation of programme
 - Can a shorter programme be achieved?
 - Logistics and method statement for working adjacent to a building that needs to be kept operational during the works
- 9.5 One of the tenderers did not return a tender. Four of the tenderers returned a Tender A only price, two of the tenderers returned a Tender B only price and one tenderer returned prices for Tender A and B. (See appendices 19.2.) Effectively none of the contractors could conform to the request for a 34 week programme (Tender A price) though they returned tenders as if it was a Tender A price, however they added to the requested timescale. An evaluation was carried out on all of the returned tenders.
- 9.6 A revised drainage drawing was issued to the seven tenderers and a revised price was asked for, this price was confirmed with each tenderer at the interview. See 19.4 for detail.
- 9.7 At this stage two of the tenderers were ruled out of the competition as their costs and quality scores meant that even if they had scored a full 15% on the interview they would not have been the preferred tenderer.
- 9.8 When the tenders were examined, none of the tenderers would commit to a 34-week programme if they had to comply with the appointment date given of 11 March 2008, for each tenderer this was due to the long lead-in time required for the timber new build section of the works. This was evaluated in the matrix (19.3) as part of the tender submission and discussed in detail during the interviews. This formed part of the interview evaluation exercise.
- 9.9 The overall programme was discussed further during the interviews.
- 9.10 After the initial evaluation of the scores, it was clear that there were three top tenderers whose percentage scores were very close. As the existing tender price was still too high to let the contract a value engineering exercise was carried out with those three tenderers.
- 9.11 It was calculated from the scoring matrix that the remaining two tenderer's, who were interviewed, would not be able to reduce their tender price by the margins required to achieve the overall percentage scores needed to have a chance of becoming the preferred bidder.

- 9.12 Regarding the contractor with the fifth position "Overall Score" (19.3); their scores meant that even if they had achieved 70% in the cost price score and been the cheapest their other marks would not have made them the preferred bidder.
- 9.13 Regarding the contractor with the fourth position "Overall Score" (19.3); they had the highest price of the five interviewed contractors and were more than 10% above the lowest, it was decided that this was too high a starting point to enable the cost reduction required.

10. Evaluation

10.1 Price Evaluation

- All tenders were checked for arithmetic errors. One tenderer had an error in their preliminary costs (see 19.4, "Adjusted Tender after correction of Preliminaries").
- The tenderers were then asked to amend their cost plan to allow for the revised drainage information.
- The final cost submissions were evaluated (Total Adjusted Tender Sum in 19.2) by Potter Raper Partnership. These scores contributed 70% towards the collective score for the contractor.

10.2 Quality Evaluation

- The Construction Project Manager and Planning Coordinator evaluated the quality submissions. These scores contributed 15% towards the collective score for the contractor.

10.3 Interview Evaluation

- Five tenderers (shown in Appendices 19.2) were invited for interviews of approximately 1 hour each.
- The interviews were held on 30 January 2008 at Haringey Civic Centre, and questions were based upon the method statement and proposed staff.
- Questions were also asked on the proposed programme and the phasing of the works.

10.4 Value Engineering Exercise

- A list of works items to be value engineered was issued to the top three tenderers on the 8th February 2008.
- The top three tenderers return submissions were received on the 18th February 2008 and all three were asked to attend an interview at the Architect's offices on the 19th February 2008.
- Questions were asked on the substantiation of the reduced costs and possible ways to reduce the construction value further. Their proposed reductions are shown in Appendices 19.4.
- At interview, a number of alternative building methods were discussed. One of the tenderers confirmed that they could achieve the cost reductions required if a steel and block work system were employed.
- All three of the tenderers were asked whether they could confirm this stated cost reduction if the alternative building method was used. The results are shown in Appendices 19.4.

11. Conclusion

- 11.1 The evaluation matrix and table of costs in Appendices 19.3 shows, in bold, the contractors that scored highest in each category and their overall score.
- 11.2 The recommended contractor that tendered the lowest price (70%) has been selected; they also achieved the highest score in the interview (15%).

12. Sustainability:

- 12.1 The gym will be naturally ventilated using louvres built into the elevation and openable roof lights, which provide not only openings for hot air, but also natural light for the space. The dance room will also have natural ventilation and roof lights but also requires mechanical ventilation due to the size of space and activity requirements.

13. Financial Implications

- 13.1 This project forms part of the circa £9.8m agreed for the Gladesmore Building Schools for the Future project. As described earlier in this report, this element of the overall project has been accelerated to secure circa £491k of Big Lottery Funding, creating an overall funding total of circa £10.3m.
- 13.2 Costs for this sub-project beyond the £491k Big Lottery Funding will form an early draw on the BSF grant, based on the assumption that this funding will be released once the Final Business Case is approved by Partnership for Schools later in 2008.
- 13.3 In the unlikely circumstances that the Final Business Case is not approved by Partnership for Schools, the Council will need to underwrite the capital cost of this Gladesmore sub-project to a maximum of £0.9m. Approval is sought from Cabinet for the underwriting of the £0.9m from C&YPS Capital Funds in 2009/10 if the Final Business Case was not approved by Partnerships for Schools.
- 13.4 Underwriting the Gladesmore Sports Hall by £0.9m project does involve some element of risk to the Council. It is thought that full rejection of the BSF Strategy for Change and Final Business Case for the Gladesmore project is in practice very unlikely. This would be an extreme move on the part of Central Government and would attract national press and political attention. If the Strategy for Change and Final Business Case were rejected however, the consequences would be severe.
- Loss of £0.9m of investment in primary estate – this is much needed investment, as the money diverted to school expansions recently has stored up condition and suitability works. Members should note that if underwriting was called upon, this would leave a very small primary programme contingency in 2009/10.
 - Reputational damage as Primary Schools perceives money would be taken from the relatively limited primary investment budget and is diverted to the (perceived) cash –rich secondary sector
 - Approval of our Primary Strategy for Change (due to be announced in September 2008) would be seriously threatened by diversion of money away from the primary, thus potentially losing a further £9m from this source.

14. Legal Implications

- 14.1 Please refer to Paragraph 5 (above).

15. Equalities Implications

- 15.1 The Sports Hall project will be fully accessible and works will be undertaken in the existing building to create new accessible WCs and changing rooms. The Big Lottery Fund required a design that was fully accessible.

16. Consultation

- 16.1 The Sports Hall project has been included in the informal consultation that has been carried out for the main BSF scheme. The designs have been made available for school parents' days, area assemblies and information has been posted through the doors of local residents.
- 16.2 Recreation Services welcomes the redevelopment of the Gladesmore Sports Hall as it will allow more people to access sports facilities in the local community. As the sports hall is located adjacent to the Markfield Park Bowling Green, which is located in the North West corner of the park, the additional people using the new facility will provide an additional security presence for the park. The MET suggest 'crowding out crime' is the best way to deal with anti-social behaviour in an urban park, so the more people using an area the better it is for the local residents and neighbouring facilities. Markfield Park is currently undergoing a major transformation which will be complete in spring 2009. The 2 facilities will be mutually beneficial as Recreation Services and Gladesmore Community School will continue to work together to promote and encourage people to use both the park and the sports hall.

17. Recommendation

- 17.1 Considering section 3 of this report It is recommended that the contractor in appendices 19.6 be appointed under Haringey Council's Major Works Construction Contractors Framework to provide the construction works for the addition to and the remodelling and refurbishment of the existing sports hall at Gladesmore Community School.

18. Use of Appendices / Tables / Photographs

- 18.1 List of contractors selected from the Construction Framework Agreement (19.1)
- 18.2 Tender return price A and price B (19.2)
- 18.3 Matrix of scores (19.3)
- 18.4 Table of costs (19.4)
- 18.5 Project Cost Breakdown (19.5)
- 18.6 Recommended contractor and sum (19.6)