

Cabinet Member Delegated Decision 24 July 2019

Appointment of Contractor for the Construction of Sudbourne Primary School 1.5 Form Entry (FE) Extension

Wards: Brixton Hill

Report Authorised by: Christina Thompson, Acting Strategic Director, Finance & Investment

Portfolio: Deputy Leader of the Council (Children & Young People), Councillor Jennifer Brathwaite

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Report summary

This report seeks approval to appoint Farrans Construction Ltd (Farrans) for the construction of Sudbourne Primary School 1.5 Form Entry (FE) Extension.

Finance summary

The funding for this project is reported within the Capital Investment Programme. The overall available allocation for the Sudbourne Primary School Expansion programme is £10,450,000, of which £7,650,000 is allocated for construction activity. The required contract sum for this first stage award is £7,634,266.31, which is within budget

Recommendation

1. To award a contract to Farrans Ltd for the construction of the new Sudbourne Primary School 1.5 FE Extension in the sum of £7,634,266.31, commencing August 2019 for the period of 69 weeks.
2. To approve the client held contingency as outlined in the Part II report to cover unforeseen risks.

Reason for Exemption from Disclosure

The accompanying part II report is exempt from disclosure by virtue of the following paragraphs of Schedule 12A to the Local Government Act 1972:

“Paragraph 3. Information relating to the financial or business affairs of a particular person. (Including the authority holding that information)”.

1. Context

- 1.1 In 2017 a decision was taken by the Cabinet Member for Children & Schools to progress with the scheme on the Mandrell Road site.
- 1.2 Although described as a 1.5FE extension, the development is more significant, in that it provides accommodation for years 3-6 (12 classrooms), plus a number of additional resources including a rooftop Multi-Use Games Area (MUGA), a large hall/ studio and catering kitchen.
- 1.3 The design development process has been ongoing throughout 2018 and a planning application was validated on 5th December 2018.
- 1.4 Funding for the scheme was approved on 30th January 2019 in readiness for the appointment of a main contractor by way of this Gateway 3 Procurement Report.

2. Proposal and Reasons

- 2.1 The procurement strategy for this project was approved on 9th October 2018, establishing the case for use of the London Housing Corporation (LHC) Schools and Community Buildings Framework on a single stage basis. Given the testing nature of the site and the the need for a prompt and efficient delivery strategy, a quality:price ratio of 50:50 was selected, thus encouraging tenderers to exemplify quality with their bids.
- 2.2 All 4 main contractors registered within the lot were invited, with two dropping out of the process near the start of the Invitation to Tender (ITT) period. One stated that the project did not suit their business profile at this time and the other saying that they were not in a position to bid.
- 2.3 This was a single stage procurement scoring against price and quality (50:50 ratio); the high emphasis on quality underlines the Council's intention to ensure that bidders apply a sufficient quantum of resource to the project to support a strong, fully coordinated approach to site logistics, construction management and handover.
- 2.4 The evaluation process for the tender submissions is set out within the part II of this report.
- 2.5 Upon conclusion of the evaluation process, this report proposes the appointment of Farrans, who achieved the highest combined price and quality score, best demonstrating the necessary skills and experience to meet the Council's requirements.

3. Finance

- 3.1 The approved budget is as per table 1 below.

Table 1: Allocation of Approved Budget

Construction Budget	£7,650,000
Non- Construction Budget (including existing school refurbishment)	£2,800,000
Total Approved Budget	£10,450,000

The construction budget was based on a pre- tender estimate calculated by Quantity surveyors, Bailey Garner, and the non construction budget was prepared by the service

- 3.2 The actual spend at the end of May 2019 on non construction budgets is £719,757 and is broken down further in the part II report.

4. Legal and Democracy

- 4.1 The Council has delegated the authority to enact this report’s recommendations to the Deputy Leader of the Council (Children & Young People). Before exercising that authority, this paper should be reviewed by the Procurement Board.

- 4.2 Under the Contract Standing Orders, all contracts with an estimated value of £100,000 or more must be competitively tendered to ensure that all tenderers have the economic and financial standing, technical ability and resource capacity to fulfil the requirements of the authority. This report demonstrates how officers have complied with this requirement.

- 4.2 The statutory procurement regime applies to this tendering exercise by virtue of the Public Contracts Regulations 2015. Contracting authorities must comply with the full rigour of the regulations, including publishing a notice in the Official Journal of the European Union if the estimated value of the contract is above the prescribed financial threshold. The threshold for works contract is £4,348,350. For below threshold contracts, the Council’s duty is to act reasonably and proportionately when evaluating the efficacy of awarding a contract to a particular provider and running a competitive tender process with firms drawn from Constructionline will have fulfilled this duty.

- 4.3 Provisions in the Local Government Act 1988 oblige the Council to provide a written explanation to any person who has not been awarded work for which they tendered within 15 days of a written request to do so.

- 4.4 This proposed key decision was entered in the Forward Plan on 18th February 2019 and the necessary 28 clear days’ notice has been given. In addition, the Council’s Constitution requires the report to be published on the website for five clear days before the decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of 5 clear days – the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. Consultation and co-production

- 5.1 Local residents and Ward Councillors have been consulted on this scheme and will continue to be engaged through the pre-construction and construction periods. Staff, parents and carers of the existing school have also been engaged in the feasibility process to define the new building design and the services that will operate from it.

6. Risk management

Risk	Risk Rating	Countermeasure
Local opposition to the demolition of the existing	Low/ Medium	Full understanding of aims and objectives outlined at commencement of project. Notice of

buildings and the delivery of the construction programme.		our intention to demolish published locally and consultation built into the planning consent process. Communications Officer allocated to scheme.
Failure to gain planning consent	Low/ Medium	Pre-application advice has identified planning risks. The application sought to address these so that any residual planning risk would be minimised. A planning condition risk tracker will be developed at the start of the pre-construction phase.
Costs exceed available budget	Low	The funding for this project is reported within the Capital Investment Programme. The overall available allocation £10.45m, including risk allowances. Rigorous cost control measures will remain in place during the delivery of the construction phase.
Programme overruns	Medium	Programme and budget certainty has improved since the commencement of the ITT process and the submission of the planning application. Pro-active risk management of programme related factors will help control the risk of overruns. Potential for graduated handover if needed.
Contractor does not perform as required per contract to programme and cost.	Low/ Medium	Due diligence carried out on contractor to ensure appropriate insurances and healthy credit checks. Close management of contract by the appointed contract administrator and Client PM to ensure contractor delivery. Liquidated damages in place to recoup contracted client % costs. Architectural review will be undertaken of contractor design at key stages.
Brexit Concerns – labour shortage and increased supply costs.	Low/ Medium	Appetite for developed schemes in construction market at present. The successful contractor will be required to prepare a business continuity plan. Due diligence has been carried out on the recommended contractor including Dun & Bradstead and Safeguarding.

7 Equalities impact assessment

- 7.1 An equalities impact assessment has been carried out for the works for primary school expansion and the impact has been rated as 'low'.

8 Community safety

- 8.1 Provision of the school expansion will improve the local public realm and provide a building which adheres to ‘Secured by Design’ principles. Secured by Design focuses on holistic crime prevention of the premises in the local context and promotes the use of security standards for a wide range of applications and products.

9 Organisational implications

9.1 Environmental

Provisions will be made to keep dust and noise to a minimum in order not to affect local residents. In line with Lambeth’ procurement policy, the specifications of work will be developed as far as realistically possible to obtain a BREEAM of ‘Excellent’.

9.2 Staffing and accommodation

None.

9.3 Procurement

- 9.3.1 The adopted tender strategy will comply with OJEU regulations and protocols and reflect the programme constraints that arise from a February 2021 opening .

- 9.3.2 The successful contractor will be required to pay the London Living Wage and provide apprenticeship and supported employment opportunities in line with the Council’s Responsible Procurement Policy.

- 9.3.3 The contractor will also be required as necessary to take measures to monitor and reduce carbon emissions and consequential air pollution around the new school site.

9.4 Health

Tenderers will be required to prioritise health and safety management practice and provide for all regulatory procedures and arrangements. This will include effective control of common and significant operational and product hazards, including risks generated by noise and vibration, pollution, pesticides, asbestos, other waste and contaminated materials.

10 Timetable for implementation

- 10.1 The table below shows the stages, milestones and deadlines for implementing the contract.

#	Item Description	Date
1	Cabinet Member Briefing	9 th October 2018
2	Procurement Board – revised strategy approved	9 th October 2018
3	Issue ITT to Shortlisted Tenderers	21 st November 2018
4	Tender Return	7 th February 2019
5	Complete tender evaluation	31 st May 2019
6	Procurement Report to Board	2 nd July 2019
7	Publish Decision	9 th July 2019
8	Alcatel Period	23 rd July 2019
9	Contract Award	9 th August 2019

10	Design Lead In Complete/ Mobilisation (13 weeks)	8 th November 2019
11	Completion and Handover (14 months)	February 2021

10.2 The contract used will be the standard RIBA form of Design & Build contract and will be managed by the Schools and Communities Capital Programme (SCCP) Project Manager. Monthly progress / update reports will be written and reported through the Capital Programme monitoring procedures.

Audit trail				
Consultation				
Name/Position	Lambeth directorate/ division or partner	Date Sent	Date Received	Comments in para:
Cllr Jennifer Brathwaite	Deputy Leader of the Council (Children & Young People)	04/07/19	04/07/19	
Christina Thompson, Acting Strategic Director	Corporate Resources	04/07/19	04/07/19	No Comment - Cleared
Kamran Rashid / Assistant Director of Capital Delivery	Neighbourhoods and Growth	20/06/19	28/06/19	No Comment - Cleared
Nisar Visram, Assitant Director	Corporate Finance	20/06/19	25/06/19	3
Saif Mahamroot, Category Manager	Finance & Property	20/06/19	28/06/19	Throughout
Michael O'Hora, Legal clearance	Legal & Governance	20/06/19	21/06/19	4
Maria Burton, Democratic Services	Legal & Governance	20/06/19	02/07/19	4
External				

Report history	
Original discussion with Cabinet Member	11 th September 2018
Report deadline	N/A
Date final report sent	N/A
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	18 th February 2019
Key decision reasons	2. Expenditure, income or savings in excess of £500,000
Background information	<p>1. Cabinet Member Delegated Decision Report (CMDDR), Expansion of Sudbourne Primary School from 1.5 FE to 3 FE on the existing site and Mandrell Road site, 22nd November 2017.</p> <p>2. CMDDR, Approval of the Capital Allocation for the Construction of Sudbourne Primary School 1.5 Form Entry (FE) Extension, 30th January 2019.</p> <p>3. Pupil Place Planning and Capital Projects Cabinet papers, 11th December 2017.</p>

**APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH
SCHEME OF DELEGATION**

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board and taken account of their advice and comments in completing the report for approval:

Signature _____ **Date** _____

Gary Meeds, Project Manager

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature _____ **Date** _____

Deputy Leader of the Council (Children & Young People), Councillor Jennifer Brathwaite

Any declarations of interest (or exemptions granted) N/A