



Lambeth

CABINET MEMBER DELEGATED DECISION 13 JULY 2020

Report title: Schools Capital Maintenance – Extension and Variation of Consultant Contract

Wards: All

Portfolio: Cabinet Member for Children and Young People, Councillor Edward Davie

Report Authorised by: Bayo Dosunmu, Strategic Director for Resident Services

Contact for enquiries: Stella Denyoh, Assistant Project Manager, Schools and Communities Capital Projects, 0207 926 3765, sdenyoh@lambeth.gov.uk

Report summary

The Lambeth Schools Capital Maintenance programme delivers major capital repairs funded by Government Grant to our School Portfolio, including such works as re-roofing, new windows, boiler replacements, and other major repairs, at a present spend of circa £2.5m per annum. Ingleton Wood LLP were appointed by the Council in February 2016 for four years to act as Client-Side Technical Consultants to deliver the Schools Capital Maintenance programme. Their services include site inspection, specification writing, tendering, contract management, works valuation, and stakeholder engagement.

We are seeking an extension of 2 years of the agreement under which Ingleton Wood are employed. This is permitted within the terms of the agreement under which they are employed.

In addition we are seeking to increase the contract sum for Ingleton Wood by a total of £300,000, to allow continuation of our work with them to maintain our school assets.

Finance summary

Capital funding will come from the Capital Maintenance Programme for Schools, which is funded by the annual central Government Schools Condition Allocation Grant. A sum of £200,000 has been identified as the amount expended on specialist fees with other suppliers since the Contract with IW was put in place. An additional £100,000 is being requested as contingency to cover any unforeseen spend on consultancy and technical advice services.

Recommendations

1. To note the contract extension from 29 February to 13 July 2020.
2. To extend the contract with Ingleton Wood from 13 July 2020 until 28 February 2022.
3. To approve the increase of the current Ingleton Wood contract by £300,000. This figure consists of £200,000 which Ingleton Wood have paid to subcontractors on behalf of the

Council for professional services, plus an additional £100,000 as contingency for any unforeseen spend on consultancy and technical advices.

4. To approve the increase of the current contract to IW in the delivery of the Schools Capital Maintenance Programme from £548,268 to £848,268. This is as a result of the request for an increase of £300,000 described above.

Reasons 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:

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

1. **CONTEXT**

- 1.1 The Capital Maintenance Programme for Schools is an annual programme of maintenance and renewal works intended to keep the schools operational and safe. It covers major works such as roofing replacement, boiler renewals and so on.
- 1.2 Ingleton Wood LLP were appointed in February 2016 as Client-Side Consultants/Agents acting for the Council to ensure the effective delivery of the Schools Capital Maintenance programme over a period of four years. The procurement strategy was agreed in 2015 and in February 2016 following an Official Journal of the European Union (OJEU) process, five companies tendered for the contract. Ingleton Wood were awarded the consultancy contract following an evaluation based on 60% quality and 40% price.
- 1.3 The contract sum agreed for the four-year period was £400,000, representing a 4% fee on an estimated programme of £10m. There were three variations applied to the contract, £87,029, £48,000 and £13,239. This brings the overall contract value to £548,268.
- 1.4 The current level of expenditure is £548,196.63.

2. **PROPOSAL AND REASONS**

- 2.1 This report seeks permission to authorise the extension of the Ingleton Wood LLP (IW) contract by two years and to increase the Council's contract allocation for the payment of related professional fees by a total of £300,000. These measures will enable the current programme for Capital Maintenance to continue without interruption, as well as place the fees element of programme delivery at a level which more realistically reflects the requirements to deliver such a programme.
- 2.2 These measures are requested for four reasons:
 1. Extending the Contract will provide continuity as we move to deliver a five-year work programme. For instance, we are in the process of designing and tendering major schemes developed with IW, as well as having works on site for which they have Contract Administration duties.
 2. To allow for fees paid to IW for additional works outside the scope of original contract, which have nevertheless been charged to the consultant's fee allowance.
 3. To cover the cost of fees charged by other specialist service providers, necessary for the delivery of the design and delivery of the Capital Programme. These have been commissioned by IW and the costs charged by Lambeth to IW's account, though they do not in fact constitute a fee income for IW.
 4. The additional works and specialist fees have reached a level where we are now unable to commission IW to carry out their core activity, thus preventing the progression of our next Programme phase.
- 2.3 While the figures appear to show that Ingleton Wood (IW) have quickly increased and then expended the fee allocation to cover their professional works for the four-year period, this is in fact not the case.
- 2.4 The initial increases in the IW budget were to cover costs resulting from a request that they carry out condition surveys to each school. This was outside the scope of the contract and consequently additional costs were incurred.

- 2.5 In addition, the original contract had made no allowance for fees incurred by IW in procuring services from other suppliers, which were necessary in order to support progression of our work programme.
- 2.6 These services have usually been commissioned by IW on Lambeth's behalf, and routinely the cost has been charged to the professional fees account, against which their own services are charged (and which funds their fee income). Such services by other suppliers include drainage surveys, as built measured construction surveys and drawings, Mechanical & Electrical (M&E) schematics and research and development (R&D) Surveys intended to locate all the asbestos in the building.
- 2.7 IW have organised these works on the Council's behalf and they have been funded through the fee account, but we are now at the point where this specialist services expenditure is preventing the ongoing commissioning of Ingleton Wood to work with us on our work programme as contracted; the contract spend is at full commitment.
- 2.8 We have analysed the level of the expenditure on service by other suppliers to support delivery of the programme and approximately £200,000 has been charged against the Ingleton Wood account to date.
- 2.9 It is this figure, plus an additional request for £100,000 to be set aside for contingency that we are looking to add to the contract sum, in order for us to cover the expenditure on the service of other suppliers. This will provide us with the funding headroom to commission further professional works with Ingleton Wood supporting our ambition to provide Lambeth with a fully prioritised, planned and costed five-year work programme for our Schools.
- 2.10 The request to extend the contract by a further two years is to ensure there is no pause in the programme which will have adverse implications for schools who need urgent or priority works carried out. We are currently in the middle of delivering a five-year programme and there will be delays, work duplication and a loss of continuity if we were to pause and go through a procurement exercise to appoint a new consultant. In addition, matters of professional liability may also be compromised.

3. FINANCE

- 3.1 Funding is capital and will come from the Schools Condition Allocation Grant which is allocated by central Government on an annual basis.
- 3.2 This report seeks authorisation to increase the overall spend with Ingleton Wood for the Schools Capital Maintenance works from £548,268 to £848,268.
- 3.3 Ingleton Wood's fees are in line with the intended uses of the Schools Condition Allocation Grant.

4. LEGAL AND DEMOCRACY

- 4.1 The authority to approve the recommendations is delegated to the Strategic Director for Resident Services.

- 4.2 The Section 14 of the Education Act 1996 obliges the council as local education authority to secure that sufficient schools for providing primary and secondary education in its area. The schools available for an area shall not be regarded as sufficient for the purposes of this section unless they are sufficient in number, character and equipment to provide for all pupils the opportunity of appropriate education. Capital maintenance furthers the continued provision of schools in discharge of this duty.
- 4.3 The services which are the subject of this contract are subject to the competition requirements of the Public Contracts Regulations. In as much as the contract value is being increased beyond the initial contract sum it is noted that approximately £200,000 of spend to date has been merely passed through to suppliers rather than as fees for professional services provided by Ingleton Wood. Modifications by way of time extension and any sum that is in excess of the fees due to Ingleton Wood for their own professional services will be subject to consideration under the contract modification rules prescribed by Regulation 72. This includes circumstances in which additional services by the original consultant that have become necessary and were not included in the initial procurement, where a change of consultant (i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with services or procured under the initial procurement, or (ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided that any increase in price does not exceed 50% of the value of the original contract.
- 4.4 This proposed key decision was entered in the Forward Plan on 04 February 2020 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 proposed 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 five 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

Table 1 – Stakeholder Matrix

Stakeholders	Interest	Action
Procurement Category Manager	All stages from Pre-Business Case to Award of Contract.	<ol style="list-style-type: none"> 1. Conduct pre-procurement engagement. 2. Consult on each stage of procurement (GW1, GW2, GW3) 3. Consult on development of tender documentation. 4. Consult on the use of the e-procurement portal. 5. Consult on execution of contract.
Deputy Leader (Children and Young People)	All stages from Pre-Business Case To Approval of Contract	<ol style="list-style-type: none"> 1. Conduct pre-procurement engagement. 2. Consulted on each stage of procurement (GW1, GW2, GW3).

Project Sponsor Strategic Director, Resident Services	Successful delivery of contract arrangements and securing Cabinet Member Buy-in.	<ol style="list-style-type: none"> 1. Met and discussed approach to Cabinet Member. 2. Kept Strategic Director updated on procurement.
Client Departments	Specification Performance Management	<ol style="list-style-type: none"> 1. Evaluated what works well and what does not and what improvements can be made. 2. Developed requirements using feedback on from users of the service.
Management Team	Quality of contract Strategic Objectives	<ol style="list-style-type: none"> 1. Consulted on quality KPI's for proposed contract.
Other relevant Stakeholders (Please add as appropriate)	Interest in Procurement/Tendering/Contract Management/ or outcomes of the contract.	<ol style="list-style-type: none"> 1. Relevant actions to ensure those interests are properly considered and supported.

6. RISK MANAGEMENT

- 6.1 A full risk register and management matrix for both the IW contract management and consequent works programme is maintained and referred to at a Programme Board which meets Monthly. Associated responsibilities are clearly set out. This is maintained throughout the delivery of the contract and associated works, by both Lambeth Staff and IW.
- 6.2 The main risks that impede on the successful delivery of this procurement and contract are:

Table – Risk Register

Item	Risk	Likelihood	Impact	Score	Control Measures
1	Brexit has an impact on school projects	1	2	2	This is highly unlikely. Work to schools will carry on even with Brexit.
2	Consultant goes into administration	2	2	4	This is unlikely to happen. Ingleton Wood are a multi-disciplinary firm who work with various local authorities and other organisations.
3	Level of performance is below par	1	2	2	We have worked with Ingleton Wood for the past four years and are very satisfied with the firm's performance.
4	Covid-19 has an impact on school projects	1	2	2	There was a short pause in construction works, as per government direction.

									Following the return to construction, our contractors have re-started work. Ingleton Wood carried on supporting the council with survey works etc.
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Key

Likelihood	Very Likely	4	Likely	3	Unlikely	2	Very Unlikely	1
Impact	Major	8	Serious	4	Significant	2	Minor	1

7. EQUALITIES IMPACT ASSESSMENT

7.1 An Equalities Impact Assessment (EIA) has been carried out in relation to the works programme for all schools. The EIA was approved on 4th February 2020 and the result was that there was no adverse impact identified. No separate EIA is needed for the consultant Ingleton Wood. Their role is to ensure the effective delivery of the Schools Capital Maintenance programme.

8. COMMUNITY SAFETY

8.1 Not applicable.

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 Ingleton Wood explore smarter and greener ways of working in order to have a positive effect on the lives of the children and staff on the projects they work on. In line with Lambeth's carbon neutral policy, the specifications of work will be developed as far as realistically possible to help the council attain the 2030 carbon neutral target

9.2 Responsible Procurement

IW are aware of and follow the Responsible Procurement methodology. This is in particular relating to the appointment of contractors done jointly with LBL officers from both Procurement and the Schools Capital team.

Similarly, they are aware of, and accord with, Lambeth Council's Equality Policy and they work with us to procure contractors who:

- Provide apprenticeships and support employment for priority groups.
- obtain accreditation of the London Health workplace Charter
- Pay the London Living Wage.
- Have a policy in place to reduce emissions in both delivering projects through reducing travel and using sustainable materials and also by good building design, effective through the life of the building. Each contractor is selected via Construction-Line who require a sound Environmental Policy as part of their accreditation.

- **Single Use Plastics**

Our desire to reduce the use of Single Use Plastics is reflected in our Contractor selection processes.

- **Positive Health and Wellbeing**

N/A

- **Other Offers (Innovation)**

N/A

Health

9.2 The staff and pupils at the schools in the borough will benefit from the works which will be planned to mitigate any negative health impacts and provide a more secure environment for those within the confines of the schools.

Corporate Parenting

9.3 This programme has no effect on Corporate Parenting.

9.4 **Staffing and accommodation**

Not applicable to this programme

9.5 **General Data Protection Regulations (GDPR)**

GDPR issues are discussed with IW during the course of the contract, at regular board meetings, though their policy and practice has been shown to be thorough and strong.

Contract Management

9.6 The contract with IW is managed by officers in the Schools and Communities Capital Projects. This is done through regular monthly board meetings and meetings on site at the various schools as required.

9.7 The Contract forms a key delivery mechanism for our Schools Capital Maintenance Programme and both the Contract and the Programme are subject to monthly project board meetings, comprised of representatives from Lambeth Council and Ingleton Wood. Ingleton Wood is monitored by Lambeth Senior Project Managers. Review information is requested from them monthly and at project board meetings, for review by Lambeth Officers. Change Control is also managed using a change control process requiring Lambeth approval.

9.8 Ingleton Wood is an established business, who have been through the Lambeth Council due diligence checks. The supplier has confirmed there is a Brexit Business Continuity plan in place.

10. **TIMETABLE FOR IMPLEMENTATION**

10.1 The table below details the stages and deadlines for implementing the recommendations:

Activity	Proposed Date
Publication on Decisions online	03/07/2020
Decision Date	13/07/2020
Call-in Period Ends	20/07/2020

AUDIT TRAIL

Consultation

Name/Position	Lambeth directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Ed Davie	Cabinet Member for Children and Young People	01.07.20	03.07.20	
Councillor Jennifer Brathwaite	Deputy Leader of the Council (Children and Young People)	14/01/2020	14/01/2020	Whole document
Bayo Dosunmu, Strategic Director	Resident Services	09/04/2020	16/04/2020	Whole document
Sandra Roebuck, Director	Director of Infrastructure and Capital Delivery	28/01/2020	28/01/2020	Whole document
Joe Nethercoat, Assistant Director, Schools and Communities Capital Projects	Resident Services	14/01/2020	14/01/2020	Whole document
Nisar Visram, AD, Finance	Finance & Investment	24/02/2020	24/02/2020	3
David Thomas, Lawyer	Legal & Governance	24/02/2020	28.02.20	4
David Rose, Democratic Services	Legal & Governance	04/03/2020	11.03.20	4
Saif Mahamroot, Procurement	Finance & Investment	07/11/2019	07/11/2019	Whole document

REPORT HISTORY

Original discussion with Cabinet Member	14/01/2020
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 entered onto Forward Plan	04.02.20
Key decision reasons	2. Expenditure, income or savings in excess of £500,000
Background information	Officer Delegated Decision, 16 March 2016: Schools Capital Maintenance Programme – Appointment of Consultant Capital Maintenance Programme for Schools Education Act 1996
Appendices	Schools Capital Maintenance Equalities Impact Assessment

**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:** _____

Post: Stella Denyoh,
Assistant Project Manager

I approve the above recommendations:

Signature: _____ **Date:** _____

Post: Councillor Ed Davie, Cabinet Member for Children and Young People

Any declarations of interest (or exemptions granted): None

Any conflicts of interest: None

Any dispensations: None