



CABINET MEMBER DELEGATED DECISION REPORT 05 JANUARY 2022

Report title: Replacement of the Heating and Hot and Cold-Water Services to Holmewood Nursery, and Kingswood Lower

Wards: Brixton Hill and Gipsy Hill

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

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

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REPORT SUMMARY

This report seeks permission to progress mechanical engineering (M&E) programme of works to Holmewood Nursery and Kingswood Lower site to commence as soon as possible. The works are intended to replace the heating and hot water distribution pipework which has deteriorated more rapidly than anticipated, resulting in total failure of the heating system. Temporary heating and hot water plant has been installed at both sites, which is proving costly.

The work will prevent further disruption and closure in the new academic year, prevent expenditure on failed elements merely to “keep them going” and prevent consequential damage to other elements at the school, arising because of ongoing and serious water leaks to the underground pipework.

The recommendation is to approve an award of the contract procured through CHIC Building Works Framework Lot 4 (Heating).

FINANCE SUMMARY

The funding for this project within the Capital Investment Programme (CIP) is made up of the Schools Condition Allocation (SCA) Grant allocated by Central Government on an annual basis. The 2021/22 Capital Maintenance budget is £3,565,267, and the estimated cost for the Replacement of the Heating and Hot and Cold-Water Services to Holmewood Nursery and Kingswood Lower is £878,841, which can be contained within the remaining available budget of £2,691,305 as at 1 December 2021.

RECOMMENDATIONS

1. To approve the award of the contract to Oakray Limited for Programme of M&E Works for a contract sum of £878,841 commencing in early February 2022 for a period of 25 weeks, and a client held contingency with the total contract sum not exceeding £970,000.

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:

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

1. CONTEXT

- 1.1 This is a Gateway 3 Procurement Report. The Procurement Strategy Report (PSR) was approved on 21 September 2021.
- 1.2 The Capital Maintenance Programme for Schools is an annual programme of major repairs to Lambeth Schools. It is funded through a capital grant with allocations from the Education Funding Agency (EFA). These allocations are made annually.
- 1.3 The Programme deals with maintenance works to schools, which has been split into building works and mechanical and electrical works. This package relates to mechanical and electrical works, and includes but is not limited to, boiler renewal and replacement, heating distribution works, lighting, and small power works, and includes works that pose health and safety risks to the schools.
- 1.4 Repair history, condition surveys, detailed inspections and the failure of the heating system has proven that the existing pipework for the heating, hot & cold-water services at Holmewood Nursery has reached the end of its useful life; illustrated by a number of persistent leaks to the distribution system and cold-water tanks on the site. To keep the school heated and with a supply of hot water, an urgent M&E project has been incorporated into the council's Schools Capital Maintenance Programme for this calendar year.
- 1.5 Unfortunately, the existing distribution pipework, much of it underground and thus impossible to assess, has not proved suitably robust to last until the programmed window. Consequently, the school has suffered serious leaks, system shutdowns and on-going damage. Our consultant M&E Engineer has recommended that we act immediately.
- 1.6 The heating and hot water system at Kingswood Lower site, like at Holmewood Nursery has reached the end of its useful life; the boilers at the school are no longer working, following persistent breakdowns. The school's original heating system was a trace heating system, which has too failed. The school also does not have a flow and return, to allow for direct heating from the boiler plant room.

2. PROPOSAL AND REASONS

- 2.1 Internal approval was granted on 21 September 2021 to commence tender action for procurement of M&E packages using several routes of market, including Frameworks, Open tenders and ConstructionLine.
- 2.2 These works were previously tendered for via three competitive quotations, using suppliers from ConstructionLine, who have previously carried out works of the same nature within Lambeth schools. This method of route to market was not supported by procurement, nor was it supported at a recent DMT meeting for another project of similar nature. This was due to the absence of specific quality scoring and an assessment of social value, which should have formed an integral part of the tender evaluation criteria.
- 2.3 A new procurement strategy report was written to allow for use of frameworks and open tenders, to be used as additional routes to market for the school's capital maintenance programme.
- 2.4 Due to urgency of these works, the CHIC framework was selected as it allows for a direct call off to contractors which are approved on their framework.

- 2.5 The direct award mechanism of the CHIC framework is recommended to appoint Oakray Limited. The framework provides for a direct award and has capped rates. This scheme was tendered before. However, it could not be awarded, and this discontinued exercise demonstrated that the Oakray offered value for money. This is because they submitted the second lowest return, during the previous competition exercise carried out by Ingleton Wood LLP, the difference was just 2.4% or £11,459.88 between the two lowest submissions. Furthermore, Oakray was the only one of the three tenderers who could be appointed via the CHIC framework.
- 2.6 By using the direct award mechanism of the CHIC framework, this allows for a quicker route to market, which is considered essential for this project, given the emergency requirement for the works.
- 2.7 This is proposed for the following reasons:
- The nursery has already suffered severe leaks to the heating and hot water systems.
 - The existing installation has reached the end of its operational life.
 - The temporary repair is not a long-term solution and is costing the nursery £10,000 per month in utility bills.
 - That if it is not repaired damage to the property will become worse
- 2.8 The urgent nature of this work demanded that Capital Studio review its procurement programme and opt for direct appointment of a contractor, rather than to undertake a formal tendering exercise, which could have potentially delayed the start on site date for several months.
- 2.9 This route also facilitates the installation of a temporary boiler on site to address the immediate needs of the nursery, an item which has been allowed for in the project tender documents.

Contract Management

- 2.10 Contract management arrangement as follows:
- a. Contract management will fall to the responsibility of the M&E specialist consultant from Ingleton Wood LLP.
 - b. A pre-start meeting will be facilitated by Ingleton Wood LLP and will include Lambeth Schools Capital Maintenance representatives, the school and contractor.
 - c. Fortnightly project meetings will take place on site, to be arranged by Ingleton Wood.
 - d. Ingleton Wood LLP will manage payment certifications and will visit site to inspect value of works completed, before payment certifications are issued.

3. FINANCE

- 3.1 This project forms part of the Schools Capital Maintenance Programme funded by an annual SCA Grant allocation from Central Government. The Capital Maintenance Programme is within the Programme pipeline for the Schools and Communities Major Capital Projects. The 2021/22 Capital Maintenance budget is £3,565,267, and the estimate for the works of £878,841 can be contained within that budget, which has a remaining available balance of £2,691,305 as at 1 December 2021.
- 3.2 There are no revenue budget implications arising from this capital project.

4. LEGAL AND DEMOCRACY

- 4.1 The authority to enact this report's recommendation is delegated to the Cabinet Member for Children and Young People. Before exercising that authority, this paper should be reviewed by a procurement board.
- 4.2 The statutory procurement regime applies to this tendering exercise by virtue of the Public Contracts Regulations 2015. Contracting authorities need only comply with the full rigour of the regulations if the estimated value of the contract is above the prescribed financial threshold. The threshold for works contracts is £4,733,252.
- 4.3 Provisions in the Local Government Act 1988 oblige the Council to provide a written explanation to any person who has been excluded from a list of persons entitled to tender for work to the Council or 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 18 October 2021 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

- 5.1 This is a unique project within the schools' maintenance programme and therefore no wider consultation is required. Also, there was no opportunity for co-production on this project
- 5.2 The project was developed with Ingleton Wood LLP acting as technical advisers, and with the school itself, to provide information on the challenges the school is facing with heating and water services at the site.

6. RISK MANAGEMENT

- 6.1 The main risks that impede on the successful delivery of this procurement and contract are:

Table 1 – Risk Register

Item	Risk	Likelihood	Impact	Score	Control Measures
1	Works not carried out	1	8	8	Ensure works are carried out, by carrying out all policies and procedures to ensure that the works go ahead.
2	Total failure of M&E System	2	8	16	To carry out the works to the system as a matter of emergency. The consultants have checked the system and report that it will continue to operate throughout

					the spring and summer months however it will not last another autumn/winter and works need to commence ASAP.
3	Unforeseen works lead to programme delays and issues for school operation	2	4	8	Close liaison of contractor, engineer, schools, and PM is required to address these matters as they occur. Key ambition is to progress in a timely fashion but in a way which does not disrupt the activity of the school
4	Timescale	2	8	16	The Contractor is specifically aware of the criticality of this matter and have prepared solutions to deliver on programme. In addition, thorough investigations of the existing systems any unforeseen works which could affected the time scale is considered unlikely.
5	Financial	2	8	16	A contingency has been provided which should prove more than adequate to keep works within the overall budget. In addition, site investigation and tendering has been rigorous, designed to control the risk of unforeseen works or additional costs applied by the Contractor.
6	Continuity of Nursery service	2	8	16	Working on an occupied school is a very serious matter and any delays, risk of closure or incidents, no matter how caused, will be challenging to address positively.
7	Organisational	2	1	2	If an incident occurs during the project, such as uncovering a need for more major works requiring areas of the school to close, we will work with the schools to either accommodate the changes within programme (the schools has spare capacity) or make safe the areas concerned and address in a period when the schools are closed.
8	Health and safety (Working in a live school environment)	2	8	16	The nature of the school's population has been made very clear to the tenderers, and their approach to managing Health,

					Safety and Safeguarding has been well documented on previous projects of similar nature which they have worked on before.
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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 was undertaken in February 2020 for the Capital Programme as a whole and was assessed as Low Risk, with no protected characteristics being affected. The overall programme improves access to better teaching and learning environments for all pupils within all the equality groups. The implementation of the programme addresses issues of condition, suitability and sufficiency by providing improved facilities. As such, the main stakeholders are the pupils, staff of the schools, the surrounding community and Lambeth officers. There are no obvious barriers to service provision in terms of equality or diversity in the objectives of the programme.

8. COMMUNITY SAFETY

8.1 Health and safety assurance was included as part of the tender questions and the proposed tenderer submitted a robust approach to managing the safety of the school population, the public and their workforce.

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 In their tender submission, the contractor demonstrated their commitment to support the council's sustainability initiatives. They confirmed their commitment to commitments to the use of renewable energy and reduction of energy usage include:

- Promoting environmental sustainability by reducing waste, elimination of single use plastics, limiting energy consumption and procuring sustainably sourced materials
- All energy procured from suppliers committing to 100% renewables.
- Site accommodation (site offices / welfare) are eco-cabins featuring high level insulation and other energy saving features, motion sensor controlled low energy lighting, efficient energy heating and water saving features.
- 110v electrically powered tools or plant used on site, providing recharging points as necessary.
- Will identify local suppliers for all minor consumables and use only environmentally friendly products.

9.2 The proposed contractor holds a gold accreditation with ConstructionLine. This requires an embedded environmental Management Policy designed to reduce the impact of the construction industry on the environment, including travel planning, low emission buildings, material reuse, single use plastic reduction, operative training as well as supplier monitoring.

For contractors to be registered on the CHIC framework, they are required to sign up to the frameworks social value requirements. In this case due to the works value being under £1m, Oakray will work with CHIC to identify and agree employment opportunities that the Contractor can offer which are commensurate with the value of goods that the Contractor is instructed to supply. Such employment opportunities may include (but shall not be limited to):

- Part time employment opportunities of not less than sixteen hours per week.
- Temporary employment opportunities of not less than six months duration each.
- Employment opportunities without training.
- Donations of goods, services or funds to charitable organisations nominated by CHIC which shall be used to support opportunities for sustainable employment in local communities.

In addition to the above Oakray's Social Value Investment direct to Holmewood Nursery School (in conjunction with the Headteacher and school staff) will be the purchase of £10,000.00 of recreation and learning equipment solutions to enhance current facilities and to promote physical/mental wellbeing for all the children.

Sustainability

- 9.3 Holmewood nursery are currently one on 23 schools within the borough, which is a part of the Public Sector Decarbonisation Scheme (PSDS), which is a £1b government grant funded scheme for energy efficiency and low carbon heat. It is a part of the Covid-19 response package. The schemes aim is to save on energy bills, cut carbon emissions and tackle climate change, and provide a better school environment, which is better lit, better insulated warmer building with modern fixtures, fittings and plant. All of which will be achieved by installing air source heat pumps, LED lighting throughout and Solar PV.

Holmewood Nursery is currently within tranche 2 of the schools PSDS delivery programme and has a delivery date for all three energy saving elements by 31 March 2022. The use of the air source heat pump at the nursery will reduce the usage of the gas boilers on site, as it will act as the primary heat source.

Health

- 9.4 With the improvement of the M&E system the school will become warmer and have sufficient level of hot water. Health benefits to staff and children at the schools are expected to improve.

Corporate Parenting

- 9.5 It is important that all Lambeth schools are kept in a good state of repair and maintenance for the benefit of all children and staff. This includes children who are Looked After by Lambeth Council who have priority in most schools' admissions criteria

Staffing and accommodation

- 9.6 It is a condition of the Contract that all staff engaged on the project will receive the London Living Wage. Full welfare facilities are available on site for the employees, which will be provide as a part of the contractors site set up.

Responsible Procurement

Good Quality Jobs with Fair Pay and Decent Working Conditions

- 9.7 It is a condition of the contract that all staff engaged on the project will receive the London Living Wage.

Quality Apprenticeships, targeted Employment for Lambeth residents and Lambeth Priority Group

To support Lambeth Council's Employment and Skills Plan, the contractor has pledged to offer apprenticeships to Lambeth residents, particularly BAME, young people aged 18-25, disabled and care leavers.

This will be achieved by advertising through local media, including Lambeth's website/social media platform and resident focused publications. They will also forward these opportunities to the London borough of Lambeth's recruitment mentor. This will help to identify where employment and training will have the most positive impact within the Local community.

Reduce Emissions: Lambeth Council has a commitment to being Zero Carbon by 2030

- 9.8 The council has adopted a target of reaching net zero emissions in its buildings by 2030, and schools are a key component of this target.

The contractor is committed to Environmental and Energy Management, which includes educating fleet drivers to drive in a fuel conservative and environmentally conscious manner. The contractor also has an objective for workforce to move away from single occupancy vehicles. The contractor has made significant changes in their vehicle fleet with 100% of the vehicles being ULEZ compliant, with a view to have their company car fleet being fully electric/hybrid by 2022.

Single Use Plastics

- 9.9 Single use plastics are a challenge to the Construction Sector, particularly in terms of material packaging. As we are mindful of the need to reduce single use plastics, the contractor will be required to demonstrate how this will be implemented through their staff and any sub-contractors they appoint. This will be written into the contract with Oakray Ltd upon appointment, to ensure the contractor adheres to the commitments made in the tender submission
- 9.10 ConstructionLine Gold Accreditation (Oakray Ltd holds Gold accreditation) does require an embedded Environmental Management policy, including operative training as well as supplier monitoring. This will be written into the contract with Breyer Group upon appointment, to ensure the contractor adheres to the commitments made in the tender submission.

Positive Health and Wellbeing

- 9.11 The works will benefit the building, resulting in warm building. This will have a positive impact on the children and staff.

Other Offers (Innovation)

As a part of Oakray's Tender submission, under social value they have committed to a £10,000.00 donation to the school for specific equipment gaps which will benefit the schools and pupils.

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	23 December 2021
Decision Date	05 January 2022
End of Call-in Period (key decisions only)	12 January 2022
Execution of Contract	Mid Jan 2022
Mobilisation Period for Contract	Late Jan 2022
Commencement of Contract	Mid Feb 2022

AUDIT TRAIL

Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Edward Davie	Cabinet Member for Children and Young People	14.12.21	14.12.21	Whole Document
Bayo Dosunmu, Strategic Director	Resident Services.	14.12.21	14.12.21	Whole Document
Merlin Joseph, Strategic Director	Children's Services	09.10.21	14.12.21	Whole Document
Sandra Roebuck	Director Infrastructure and capital delivery	20.10.21	21.10.21	Whole Document
Jo Sullivan-Lyons	Assistant Director: Education Strategy, Access and Inclusion	20.10.21	20.10.21	Whole Document
Helen Wordsworth, AD: Buildings and Community Infrastructure	Infrastructure and capital delivery	18.10.21	19.10.21	Whole Document
Greg Wade	Capital Programme Manager	18.10.21	18.10.21	Whole Document
Paul Keenlyside	Climate Change and Sustainability -Technical Lead	20.10.21	03.11.21	9
Andrew Ramsden, Assistant Director of Finance	Neighbourhood and Growth	20.10.21	25.10.21	3
Michael O'Hora, Legal Services	Legal & Governance	20.10.21	25.10.21	4
Marianna Ritchie, Democratic Services	Legal & Governance	01.12.21	03.12.21	4
Candace Bloomfield, Category Manager	Procurement	20.10.21	23.10.21	Whole Document
John Moruzzi, Accountant	Neighbourhood and Growth	20.10.21	25.10.21	3

REPORT HISTORY

Original discussion with Cabinet Member	14.12.21
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	18.10.21
Key decision reasons	Expenditure, in excess of £500,000
Background information	AIMG Decision on Schools Capital Maintenance 2017
Appendices	Appendix 1: Equalities Impact assessment (EIA)

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: Andre Gordon, Senior 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): N/A

Any conflicts of interest: N/A

Any dispensations: N/A