

Cabinet Member Delegated Decision – 15 February 2017

Report title: Schools Capital Maintenance Programme – Appointment of Mechanical & Electrical Contractor

Wards: All

Portfolio: Councillor Jane Edbrooke, Cabinet Member for Children and Schools

Report Authorised by: Sue Foster: Strategic Director for Neighbourhoods and Growth

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Report summary

This report seeks to appoint T&D Barrs Heating and Plumbing Ltd to undertake a works contract for urgently required mechanical and electrical maintenance and repair works at various schools in the Borough, to the value of £3,487,542.00. The work forms part of the overall and ongoing capital maintenance strategy for Lambeth's schools.

The works are of a Mechanical and Electrical nature, including boiler renewal and replacement, heating distribution works, lighting and small power works, and includes works that pose health and safety risks to the schools if not undertaken.

In addition a client held contingency is recommended for inclusion within the budget, and is detailed in the exempt part 2 report.

Finance summary

The funding for this project is reported within the Capital Investment Programme and is made up of grant money allocated by central government on an annual basis. The overall available allocation for the Capital Programme is £4,976,016. The project code is 915489. The required contract sum for this award is £3,487,542 (in addition to a client held contingency), which is within the budget assigned to the ongoing capital maintenance programme strategy.

Recommendations

1. To award T&D Barrs Heating and Plumbing Ltd the works contract for the Capital Maintenance Programme Mechanical and Electrical works package at various schools throughout the borough to the value of £3,487,542 from 27th March 2017 to 14th August 2017 (20 weeks).
2. That a client held project contingency (as detailed in the part 2 of this report) be awarded as part of the overall budget for this scheme to deal with unforeseen construction or contract issues that may arise during the works, only to be instructed via written authorisation by the client through the agreed and approved change control procedure.

Reason for Exemption from Disclosure

The attached 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 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. The current allocation totals £4.97m, made up of two years of funding.
- 1.2 The Programme deals with maintenance works to schools, ensuring buildings are wind and water tight, secure and provide adequate thermal comfort, while also addressing any works that pose health and safety risks.
- 1.3 The programme is 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 Ingleton Wood were recently appointed as the consultant to lead on the delivery of the maintenance works required, and have specified the works packages for schools with high priority needs and these works packages have been tendered to contractors.
- 1.5 This is a Gateway 3 Procurement Report. The Procurement Strategy was established in July 2016.

2. Proposal and Reasons

- 2.1 The initial strategy for the appointment of a contractor for the schools capital maintenance programme specified an open, single stage tender. However this route was unsuccessful, as only a single bid was received and the project consultants Ingleton Wood concluded that this bid did not offer value for money. Based upon their experiences of similar projects with other local authorities, they proposed that better value could be achieved by tendering to selected contractors (with a minimum requirement of *Construction-line* accreditation), and this revision to the strategy was agreed in July 2016.
- 2.2 The revised strategy broke down the original tendered list of works into smaller packages, based upon technical priority, and deliverability and invited a minimum of six tenderers to submit a proposal, all via EU supply portal. The process achieves value for money through tendered bids based on priced specifications.
- 2.3 Upon revision of the strategy, the original tendered list of works were broken down into smaller packages, with a pre-tender estimate for each package set against the available programme budget, as follows.

Package A – Building Works, approx. £960,000

Package B – M&E Works, approx. £2,500,000

Package C – Building Works (TBC), approx. £500,000

While we are still tendering as separate packages (Building Work / Mechanical and Electrical) having already tendered for Package A's Building Works, in creating this M&E package our consultants have defined the scope using the entire remaining budget in order to achieve best possible value for money. The reason for this increase is primarily due to not having accurately accounted for any required asbestos removal previously, as no Refurbishment and Demolition Surveys had been completed at that time. This increase also includes allowance for reinstatement work following asbestos removal. Allowances for the Asbestos removal are further detailed in the appendices to part 2 of this report.

- 2.4 In consideration of the project budget and the nature of the works a tender list of six selected contractors was prepared in collaboration with Ingleton Wood and agreed; further details are set out in the part 2 of this report. All contractors were well known to Ingleton Wood, and each was selected due to their experience of this type of work in schools. They are all Construction Line and Contractor Health and Safety Assessment Scheme (CHAS) registered.
- 2.5 Due to the limited number of responses gained from the previous unsuccessful single-stage tender, it was recognised that it was important to establish the interest and suitability of all tendering contractors prior to requesting a finalised pricing document. It was therefore agreed that a two-stage tender process would be undertaken; the first stage being a quality submission, and the second stage being a pricing exercise.
- 2.6 The overall tender evaluation was to be on the aggregate of the Quality and Price scores, weighted to 30% Quality, and 70% Price.

Tender Stage 1 - Quality

- 2.7 Before being formally invited to tender, each contractor was approached and confirmed their interest and ability in tendering for the proposed works. The six tendering contractors were asked to provide responses to an 'Evaluation of Quality Questionnaire' (detailed within appendices of part 2 of this report) that was designed to demonstrate why their company was best placed to undertake this school maintenance project.

The evaluation of quality took experience, and the tender proposals into consideration. The contractors were asked to provide evidence of appropriate expertise, resources, management (including management of sub-contractors), social values and H&S information as directed by the questions, as well as a track record of similar term-time school maintenance work, and a strategy for delivering this project to programme.

- 2.8 Each question set out in the questionnaire was weighted based on a scale of 1 to 5, 1 being low importance and 5 being highest in importance. Tenderer's submissions to each of the questions were then marked from 0 - 5 using a scoring matrix with '0' being a fail up to '5' being 'excellent'. Tenderer's scores for each question were then multiplied by the 'weight' to give a weighted score for each question. Weighted scores for each question were then totalled to give an overall 'Quality Evaluation Mark' which is marked out of 100. It was intended for this mark to then be used to rank the tenderers and the 3 highest-scoring contractors were to be invited to participate in Stage 2 of the tender process. The successful contractors Stage 1 score was to be carried forward and weighted to provide a maximum of 30 marks (out of 100) of the overall tender score.

Tender Stage 2 - Price

- 2.9 The successful contractors taken through from Stage 1 were then required to submit a fixed price tender based a final set of contract preliminaries, materials & workmanship preambles, schedules of work, drawings and associated appendices. As part of this exercise all contractors were required to visit all the schools when compiling their Stage 2 submission. They were also required to prepare and submit a detailed construction programme and method statements. Priced submissions were returned using the EU-Supply website and scored to 100%, and then weighted to form the remaining maximum 70 marks (out of 100) of the overall tender score.

Quality returns

- 2.10 Despite having previously confirmed their willingness to tender, two contractors did not submit a Stage 1 tender return and subsequently confirmed verbally that they did not have the resources to meet the deadline. These contractors were not taken any further and were removed from the tender process. The four remaining contractors submitted compliant returns prior to the expiration of Stage 1 tender deadline, and were invited into the second stage.
- 2.11 To ensure compliance with the tender instructions as set out in Stage 1, the four Quality submissions were marked and scored as originally intended. (See Scoring Matrix within the appendices of Part 2).

Price Returns

- 2.12 The contractors who submitted a Stage 1 tender response all prepared and returned priced documents (uploaded to the EU Supply Portal Website) in line with the stipulated deadlines. Appended to Part 2 of this report is a tender evaluation report by the project consultants Ingleton Wood, a detailed evaluation matrix, including details of scores and process, and a breakdown of tender returns.

Recommendation

- 2.13 After careful review of the consultant's tender report and consideration of the results from evaluation, the winning tender from T&D Barrs satisfies the elements of the tender requirements. It demonstrates a clear understanding of the requirements of the proposed works scheme, making the award of contract to T&D Barrs the best option for the successful delivery of the scheme. They were the best performing contractor in the Stage 1 Quality submission, demonstrating that they have the overall capability to deliver this project over multiple sites. They submitted a tender free of qualifications, and have confirmed that they can meet the contract period.
- 2.14 T&D Barrs prices were analysed and found to be inclusive and robust. Their tender was not the lowest priced tender, however the lowest price tenderer did not visit all of the sites during the tender period to ascertain the full extent of the work and gave a less than satisfactory answer in detailing the methodology of programme delivery.
- 2.15 Based upon the best value and the highest scoring and fully compliant tender, it is recommended that T&D Barrs Heating and Plumbing Ltd be awarded the contract in the sum of £3,487,542, with works to begin in March 2017. An additional client-held contingency is recommended, in the event that unavoidable additional costs arise, and is detailed in Part 2.

3. Finance

- 3.1 The funding for this project is reported within the Capital Investment Programme and is made up of grant money allocated by central government on an annual basis. The overall available allocation for the Capital Programme is £4,976,016. Of this £340,000 has been spent at the reporting month of December, and £616,858 is committed under the contract for building maintenance and repair works, leaving £4,019,158 available for this contract.
- 3.2 The required contract sum for this award is £3,487,542 (in addition to a client held contingency), the total of which is within the £4,976,016 assigned to the ongoing capital maintenance programme strategy.

4. Legal and Democracy

- 4.1 The authority to award this contract sits with the Cabinet Member for Children Council and Schools.
- 4.2 The Council's Contract Standing Orders sets out the rules and procedures for all purchases of goods services and works. For all contracts over £100,000, there is a requirement to hold formal tenders and to ensure that all tenderers have the economic and financial standing, technical ability and resource capacity to fulfil the requirements of the authority. Procuring from a list of pre-qualified suppliers complies with these requirements, and procurement of contracts with a value of more than £164,176 (including contracts for works) off a pre-qualified list is permitted under the Public Contracts Regulations 2015.
- 4.3 Under the Regulations, contracting authorities must publish a contract notice in OJEU only if the estimated value of the works contract exceeds £4,104,394. Contracting authorities awarding contracts worth less than that threshold should nevertheless comply with the EU procurement principles of fairness, transparency and non-discrimination in doing so.
- 4.4 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.
- 4.5 The JCT suite of contracts is an industry standard set of contracts generally suitable for contracts of this nature.
- 4.6 This proposed key decision was entered in the Forward Plan on 22nd April 2016 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 Schools have and continue to be consulted through regular written updates and communication of the Head Teachers and or nominated representatives, who have also attended meetings to discuss the scope of the project. All schools are supportive of the scheme.

6. Risk management

- 6.1 A full risk register and management matrix for the project, with associated responsibilities clearly set out, will be set up at the pre contract stage and maintained throughout the contract with regular reviews and actions as required.
- 6.2 All school sites have been surveyed as appropriate to the required works in order to produce the initial feasibility studies and cost plans.
- 6.3 Due diligence will be carried out on the recommended provider, including credit checks, and insurances.

7. Equalities impact assessment

- 7.1 An Equalities Impact Assessment was undertaken for the Capital Programme and was assessed as Low Risk. The overall programme improves access to teaching and learning 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 There are no community safety implications. The project will address urgently required works that if not done could lead to increased risk of safety issues at the schools

9. Organisational implications

9.1 Environmental

The works specified within this contract are essential building maintenance works and urgently required, which will reduce the need for constant repairs, improving and extending the life and improving the fabric of the schools. This will mean less disruption and result in a more efficient use of the school buildings, providing benefits in the short, medium and long term.

9.2 Staffing and accommodation

There are no direct staffing implications but improvements to the accommodation through the scheme will benefit all users, making the school facilities a safer and much improved environment.

9.3 Procurement

The procurement strategy for the Schools Capital Maintenance programme was set out in July 2016. To achieve best value tenders for the Works were sub-divided into two lots, divided between Building Works and Mechanical & Electrical Works. Consideration was given as to whether these two lots should be further divided into individual school lots but this was rejected as it was recognised that due to the nature of the works risk was reduced by utilising suitably sized contractors with specific schools experience. The procurement process was carried out through the EU Supply online portal as a two stage tender process. The evaluation process for the tenders were evaluated based on 30% quality and 70% price.

9.4 Health

None

10. Timetable for implementation

10.1

Procurement strategy approved	July 2016
Invitation to Tender sent	September 2016
Tender Return Date	November 2016
Tender Evaluation period	December/January 2016
Procurement board date	31 st January 2017
Report approved and call-in periods ends	<i>tbc</i>
Contract award	March 2017 <i>tbc</i>
Contract start date	March 2017

10.2 The works contract will be managed by the LBL programme and project manager, supported by Ingleton Wood acting as Contract Administrator and Quantity Surveyors, as per the terms of the JCT form of contract. The contract prescribes that they make regular site visits, hold monthly site progress meetings attended by the complete delivery team. Each visit to site must be recorded and any subsequent findings passed on to all interested parties to enable appropriate actions to be taken if required. Monthly progress / update reports must be written and subsequently distributed to the complete delivery team along with meeting minutes and relevant action points.

Audit Trail				
Consultation				
Name/Position	Lambeth directorate/department or partner	Date Sent	Date Received	Comments in para:
Councillor Jane Edbrooke	Cabinet Member for Children and Schools	26.01.17	02.02.17	Throughout
Sue Foster, Strategic Director,	Neighbourhoods and Growth	26.01.17	03.02.17	Throughout
Peter Dawes, Commercial Director	Major Capital Programmes, Neighbourhoods and Growth	26.01.17	26.01.17	Throughout
Sylvester Eyong, Programme Manager	Major Capital Programmes, Neighbourhoods and Growth	25.01.17	26.01.17	Throughout
Andrew Ramsden, Finance	Corporate Resources	25.01.17	26.01.17	Finance
David Thomas, Legal Services	Corporate Resources	25.01.17	25.01.17	Legal
Maria Burton, Democratic Services	Corporate Resources	25.01.17	26.01.17	Democratic
Natalie Hailwood, Senior Procurement Officer	Corporate Resources	26.01.17	26.01.17	Throughout
Procurement Board Date	31.01.17			

Report History	
Original discussion with Cabinet Member	02.02.17
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	22 April 2016
Key decision reasons	Expenditure, income or savings in excess of £500,000
Background information	Procurement Strategy Report July 2016
Appendices	Part 2: Appendix 1 (Tender Report) Appendix 2 (Scoring matrix) Appendix 3 (Tender Returns)

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:** _____

Allan Woodcock

Post: Project Manager, Major Capital Programmes

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

Signature: _____ **Date:** _____

Councillor Jane Edbrooke

Post: Cabinet Member for Children and Schools

Any declarations of interest (or exemptions granted): None

Any conflicts of interest: None

Any dispensations: None