

Cabinet Member Delegated Decision – 15 February 2017

Report title: Schools Capital Maintenance Programme – Appointment of Building 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 Cuttle Construction Ltd to undertake a works contract for urgently required building maintenance and repair works at various schools in the Borough, to the value of £616,858.00. The work forms part of the overall and ongoing capital maintenance strategy for Lambeth's schools.

The works range from window and roofing repairs, damp and water ingress resolution, playground resurfacing, boundary wall and fencing repairs, guttering and drainage repair and alteration, sanitary services refurbishment and renewal, including works that pose health and safety risks to the schools.

In addition a client held contingency is recommended for inclusion within the budget, and is detailed in the confidential 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 £4.97m. The project code is 915489. The required contract sum for this award is £616,858.00 (in addition to a client held contingency), which is within the £4.97m assigned to the ongoing capital maintenance programme strategy.

Recommendations

1. To award Cuttle Construction Ltd the works contract for the Capital Maintenance Programme Building works package at various schools throughout the borough to the value of £616,858.00, from 27th March 2017 to 31st July 2017 (18 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 2 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 building maintenance works, and includes but is not limited to, window and roofing repairs, damp and water ingress resolution, playground resurfacing, boundary wall and fencing repairs, guttering and drainage repair and alteration, and sanitary services refurbishment and renewal.
- 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, with 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 are broken down into 3 smaller packages, with a pre-tender estimate for the package set against the available programme budget, as follows.

These will be tendered as separate packages, and this report relates to package A.

Package A – Building Works, approx. £960,000.00

Package B – M&E Works, approx. £2,500,000.00
Package C – Building Works, approx. £500,000.00

Package C's value and scope would be reviewed prior to tender based upon the tender return values of Packages A & B. Our consultants would seek to define the scope of this package once the tender results for Packages A and B were known. This enables a scope of work to be selected to suit the remaining budget.

- 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 are well known to Ingleton Wood, and have experience of this type of work in schools. They are all Construction Line and CHAS (Contractor Health and Safety Assessment Scheme) 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, with the intention to award the contract to the most economically advantageous tenderer.

Tender Stage 1 - Quality

- 2.7 Before being formally invited to tender, each contractor was approached during August 2016 and confirmed their interest and ability in tendering for the proposed works. The six tendering contractors were asked to provide responses, returned using the EU-Supply website, to an 'Evaluation of Quality Questionnaire' (detailed within appendix 1 within 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, three of the 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 3 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 three Quality submissions were marked and scored as originally intended. (See Scoring Matrix within appendix 1 of Part 2).

Price Returns

- 2.12 The three 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. Cuttle Construction Ltd. was the best performing with a score of 93.2%, having submitted the lowest tender sum (70.0%) and a highest scoring quality submission (23.2%). A report by the project consultants is appended to Part 2 of this report, which includes an evaluation matrix.

Conclusion

- 2.13 After careful review of the consultant's tender report and consideration of the results from evaluation, the winning tender from Cuttle Construction Ltd. satisfies all elements of the tender requirements. It demonstrates a clear understanding of the requirements of the proposed works scheme, making the award of contract to Cuttle Construction Ltd. the best option for the successful delivery of the scheme. They were the best performing contractor in both the Stage 1 Quality, and in the Stage 2 Price evaluation.
- 2.14 Cuttle Construction has good experience of working within schools for central London boroughs and submitted a tender which was free of provisional sums and qualifications, and have confirmed that they can meet the contract period. Their prices were analysed and found to be inclusive and robust, and their tender offer remains substantially lower than the next lowest offer. While the pretender estimate of £960,000 as detailed earlier is higher than that of Cuttle's submission, there are principally two reasons for this; the pre-tender estimate included another school which is not included in the current tender, and competitive rates have been achieved with the revised programme of works and that we are not working during the school summer holiday as was the case in the original tender.
- 2.15 Cuttle Construction Ltd's tender in the sum of £616,858.00 is the most economically advantageous tender and it is recommended that they are awarded the contract in the sum of £616,858.00, with works to begin in March 2017 (subject to the relevant approval process). 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 £4.97m. Of this £385k had been spent at the reporting month of November leaving £4.59m available for this contract.
- 3.2 The required contract sum for this award is £616,858.00 (in addition to a client held contingency), which is within the £4.97m 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 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.
- 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 is entered in the Forward Plan 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. 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 agreed	July 2016
Invitation to Tender sent	September 2016
Tender Return Date	November 2016
Tender Evaluation period	December 2016
Procurement board date	17 th January 2017
Contract award	February 2017

Contract start date

March 2017

10.2 The works contract will be managed by the project consultants Ingleton Wood, as per the terms of the JCT form of contract, and the LBL Project Managers. The contract prescribes that regular site visits are made and site progress meetings are attended by the complete delivery team. Each visit to site must be recorded and subsequent findings passed on to all interested parties to enable appropriate actions to be taken if required. Monthly progress and update reports will be written and subsequently distributed to the delivery team along with and relevant programme financial monitoring.

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	06.01.17	19.01.17	Throughout
Sue Foster	Strategic Director, Neighbourhoods and Growth	06.01.17	13.01.17	Throughout
Mike Pocock	Director, Major Capital Programmes	06.01.17	11.01.17	Throughout
Peter Dawes	Commercial Director, Major Capital Programmes	10.01.17	16.01.17	Throughout
Alan Fleming	Assistant Director, Major Capital Programmes	06.01.17	11.01.17	Throughout
Sylvester Eyong	Programme Manager, Major Capital Programmes	06.01.17	09.01.17	Throughout
Andrew Ramsden, Finance	Corporate Resources	06.01.17	09.01.17	Finance
David Thomas, Legal Services	Corporate Resources	06.01.17	10.01.17	Legal
Alex Harris, Democratic Services	Corporate Resources	06.01.17	09.01.17	Democratic
Natalie Hailwood, Senior Procurement Officer	Procurement	06.01.17	09.01.17	Throughout
Katy Shaw, Governance Officer, Senior Management	Neighbourhoods & Growth	06.01.17	06.01.17	Throughout
Procurement Board Date	17.01.17			

Report History	
Original discussion with Cabinet Member	21.4.16
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	May 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)

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 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