

item No.	Classification: Open *	Date: 22 April 2014	Meeting Name: Strategic Director of Children's and Adults' Services
Report title:		Gateway 2 - Contract Award Approval For pre-construction and construction works at Dulwich Wood Primary School	
Ward(s) or groups affected:		Dulwich	
From:		Manager, Project Delivery Team	

RECOMMENDATION

1. That the strategic director of children's and adults' services approves the award of the contract for pre-construction and construction works at Dulwich Wood Primary School to Neilcott Construction Limited with a contract period of 52 calendar weeks commencing June 2014.

BACKGROUND INFORMATION

2. On 31 October 2013 the strategic director of children's and adults' services approved the procurement strategy for the design and build for the expansion classrooms of Langbourne Primary School.
3. The approved Gateway 1 Report is attached as Appendix 1
4. In November 2013 the strategic director of children's and adults' services approved the procurement of Lend Lease Consulting (EMEA) Limited to provide professional services to develop and support the delivery of expansions at Dulwich Wood primary school, following a competitive process using the iESE framework.
5. In January 2014, Langbourne Primary School became federated with Dulwich Wood Nursery School and became Dulwich Wood Primary
6. Planning Approval for the proposed scheme was awarded on 10 April 2014.
7. The works will take place whilst the school is in operation and will be carried out in a discrete area hoarded off from the main school building.

Procurement project plan (Key decisions)

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	May 2014

Activity	Completed by/Complete by:
Approval of Gateway 1: Procurement Strategy Report	31/10/2013
Invitation to tender	21/02/2014
Closing date for return of tenders	04/04/2014
Completion of evaluation of tenders	17/04/2014
DCRB/CMT Review Gateway 2:	30/04/2014
Notification of forthcoming decision – Five clear working days	13/05/2014
Approval of Gateway 2: Contract Award Report	07/05/2014
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	29/05/2014
Award of Contract	29/05/2014

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

8. The outcome of this procurement will be to increase Dulwich Wood Primary School by 1Form Entry to a full 2Form Entry school. The existing south wing will be demolished and a new block constructed consisting of two reception classes and two Year One classrooms all with their own dedicated play areas. There will also be general improvements to the external play areas and increased areas of soft landscaping.

Key/Non Key decisions

9. This report deals with a key decision

Policy implications

10. This scheme is part of the primary planning and investment strategy which is fully aligned to local planning and policy frameworks including the Council Plan, and Children and Young People's Plan. These outline the council's continued commitment to supporting schools to be outstanding, with children and young people able to achieve their full potential, and parents able to exercise real choice in a high-performing local schools system.

Tender process

11. Five contractors were selected with reference to the financial range and relevant expertise required from the list of general contractors on the Council's Approved List of Contractors (CSO 5.3) and invited to submit a tender under the JCT 2011 Design and Build form of contract.

12. The tenderers were, Mansell Construction Services Limited, Cosmur Construction Limited, Lakehouse Contracts Limited, Neilcott Construction Limited and Jerram Falkus Construction Limited
13. The initial closing date for the tender return was 28 March 2014 following a tender period of 5 weeks. This was extended to the 4 April 2014 in response to a request for an extension from two contractors in order to maximise the number of returns.
14. The tenderers were asked to provide a submission including the following:-
 - a) available resource – proposed team; references
 - b) project understanding – relevant experience; outline assessment of risk
 - c) technical – proposals to deliver the scheme; programme; sustainability and BREEAM; design development; logistics and construction methodology; costs and value engineering.

Tender evaluation

15. The tender evaluation was carried out on the basis of the most economically advantageous tender, balancing price and quality submissions on a 70/30 price quality weighting. The price is considered the greater element as the competitiveness of the contractors' overheads and preliminaries will be to the Council's advantage.
16. The breakdown of the score the evaluation methodology and the basis of the Council's scoring criteria, including the minimum quality threshold was made clear to bidders at the time of invitation to tender in the instructions to tenderers (Appendix 2).
17. A tender report has been produced by the consultant quantity surveyors, Lend Lease Five tenders have been received and analysed by the Project Quantity Surveyor on a financial basis. It will be noted from the Quantity Surveyors report that all the tenders were examined in detail. Following adjustments for any arithmetical errors and post tender clarification, the lowest tender from Neilcott Construction Limited is considered to be complete, without significant qualifications, and competitive.
18. The tender sum quoted in each returned compliant tender was scored with the lowest tender receiving the maximum mark of 70 and the remaining tenders awarded a proportion of this score based on their percentage difference from the lowest tender.
19. The quality submissions have been assessed by the Project Design Team and the Project Manager in Southwark Property
20. The combined score together with the price was then used to rank the respondents.
21. The Contractor's contract sum analysis was evaluated by the consultant quantity surveyor, who is satisfied that a bona fide price submission has been made and that this is competitively priced, represents good value for money and is consistent with the allowances in the cost plan for the overall project, upon which the project

budget is based. It is therefore recommended that the contract is awarded to Neilcott Construction Limited.

22. The proposed form of contract for the contractor appointment is JCT Design and Build Contract 2011 incorporating standard and special amendments to the conditions of contract as advised by the contracts section of Legal Services.

Plans for monitoring and management of the contract

23. The role of project client, including the management and administration of the consultant and contractor appointments, will continue to be run and resourced through the Project Services Delivery Team programme office from within Property Services, Regeneration. Progress with the contract works and performance of the consultant team will be subject to constant scrutiny and monthly formal review, including cost, programme and quality. The experienced officer client team will use a number of mechanisms for monitoring and controlling the financial and programme performance of the contract, including:

- Strategic cost plan, which will be regularly reviewed and updated
- Monthly financial statements by the consultant quantity surveyor/contractor
- Monthly appraisals of progress against the contract programme
- Monthly progress reports by:
 - The lead consultant
 - Main contractor
 - Other design consultants
- Monthly progress meetings on site
- Daily tracking and chasing action on critical issues
- Monthly 'look ahead' meetings with principals / directors
- Periodic project team 'look ahead' workshops covering key phases of work and risks
- Risk and issues log

24. Overall Project progress will be reported to and monitored by the Children's and Adults' Services Capital Monitoring Group.

Identified risks for the new contract

25.

Risk		.Management
Non delivery of expansion capacity as a result of preconstruction delays by the professional consultant and/or contractor	Low	Provide clear information or milestones to the contractor in the selection process and obtain proposals for achieving milestones on their quality submissions.
Works being carried out with school in occupation	Low	The building works will be carried out in a discrete area of the school site which will be hoarded off, in order that children and visitors to the school are clearly separated from the

		building works. Deliveries will take place outside of times of the main start and end of school day. The main demolition works will be carried out during the school summer holidays.
Construction delays on site	Low	Pre-order components with long delivery period. Ensure that site operations are thoroughly and realistically planned by the contractor prior to commencement of the works.
Failure to meet deadline for project	Low	The successful tenderer has been asked to submit full details of their approach and programming of the project. The programme will be continuously monitored against the key milestones
Possible claims for unforeseen works and re phasing of works if demanded	Low	It is recommended that a client contingency should be retained within the project budget.

26. A Performance Bond will be in place as part of the contract

27. A parent company guarantee will be in place as part of the contract.

Community impact statement

28. The contractor will carry out the works under the Considerate Contractor scheme which seeks to minimise disturbance and disruption to people in the locality.

29. The increase in school places will enhance the choice of local parents and carers for school places from the academic year September 2014/15

Economic considerations

30. The contractor will be encouraged to use local suppliers and sub contractors where possible.

Social considerations

31. The appointed contractor will pay their employees and sub-contractors not less than the current London Living Wage levels.

Environmental considerations

32. BREEAM requirements will cover design and specification and will set targets for minimising the adverse environmental impact of carrying out the works.

Market considerations

33. The successful tenderer
- is a private organisation.
 - has a national area of activity.
 - Will employ all staff engaged in the delivery of the works at the current prescribed London Living Wage levels.

Financial implications

34. In October 2013 the Gateway 1 Report advised that Dulwich Wood Primary School was included as a phase 1 school in the 16 July Cabinet report on the Primary Investment Strategy.
35. The July 2013 Primary Investment Strategy Cabinet report identified an expected overall funding of £50.6m for the Primary Expansion and Condition Programme which included current and additional funding expected from DfE grants, council resources and S106. The July cabinet report delegated the authority to the strategic director of children's and adults' services to allocate the budgets for individual school expansion programmes from within the existing available resources. Dulwich Wood is a phase 1 expansion and is fully funded within this expansion programme by DfE grant.
36. The associated revenue costs arising through the delivery of the programme to meet internal project management costs and non-capital liabilities e.g. security will be funded through the specific one off allocation of Dedicated Schools Grant to contribute towards the capital expansion programme (agreed by the Schools Forum).
37. Dulwich Wood Primary School will be responsible for any ongoing revenue implications as a result of the expansion.

Second stage appraisal (for construction contracts over £250,000 only)

A second stage financial appraisal has been received for Neilcott Construction Limited. The company is considered to be very low risk.

Legal implications

38. As the value of the contract falls below the current EU works threshold and there are no significant risks a formal legal concurrent is not required.

Consultation

39. Consultation has been carried with the school throughout to agree the scope and timescale for the works.

40. Public consultation has been undertaken in support of the planning application.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

41. As the value of this contract is below the current EU threshold for works no formal procurement concurrent is required

Strategic Director of Finance and Corporate Services (CAP14/013)

42. This report is requesting approval from the strategic director of childrens and adults' services, to award the contract for pre-construction and construction works of Dulwich Wood Primary School to Neilcott Construction Services following a tender evaluation process as detailed in the report.

43. It is noted that the total cost of this project is to be met from the expansion programme funded from existing DfE grant. Officers should ensure that budgets for the contracts are established and profiled on the council's financial information system for effective monitoring and reporting.

44. It is also noted that the associated revenue costs arising through the delivery of the programme will be funded from the allocation of Dedicated Schools Grant and the school will be responsible for any ongoing revenue costs.

45. Staffing and any other costs connected with this contract to be contained within existing departmental revenue budgets.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature 

Date 19th May 2014

Designation Strategic Director of Children's and Adults Services

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Primary Strategy for Change	Strategy and Planning Children's and Adults Services	Martin Wilcox ext 55018

APPENDICES

No	Title
Appendix 1	Gateway 1 Report
Appendix 2	Contract Award Criteria

AUDIT TRAIL

Lead Officer	Andy Brown, Manager Project Delivery Team	
Report Author	Susan Fuller, Project Manager.	
Version	Final	
Dated	22 April 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	No	No
Director of Legal Services	No	No
Strategic Director of Finance and Corporate Services	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	No
Corporate Contract Review Board	Yes	No
Cabinet	Yes/No	Yes/No
Date final report sent to Constitutional Team	9 May 2014	

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Contract Award Approval for the pre construction and construction works at Dulwich Wood Primary School.
Contract Description	Pre construction and construction works at Dulwich Wood Primary School.
Contract Type	JCT Design and Build 2011
Lead Contract Officer (name)	Susan Fuller
Lead Contract Officer (phone number)	55037
Department	Chief Executive
Division	Regeneration & Neighbourhood
Procurement Route	Tenders
EU CPV Code (if appropriate)	
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed Price
Supplier(s) Name(s)	Neilcott Construction Limited
Contract Total Value	
Contract Annual Value	
Contract Start Date	June 2014
Initial Term End Date	June 2015
No. of Remaining Contract extensions	
Contract Review Date	
Revised End Date	
Comments	