

Item No.	Classification: Open	Date: 27/8/2020	Meeting Name: Strategic Director of Children's and Adults Services
Report title:		Gateway 2 - Contract Award Approval The Charter School East Dulwich (TCSED) Phase 2 demolition and enabling works contract award.	
Ward(s) or groups affected:		South Camberwell, Village, East Dulwich	
From:		Head of Regeneration, Capital Works & Development	

RECOMMENDATIONS

1. That the Strategic Director of Children's and Adult Services approves:
2. The award of the demolition and enabling contract for phase 2 of The Charter School East Dulwich project to John F Hunt Regeneration Limited in the sum of £1,589,524 consisting of £676,690 plus a provisional sum not to exceed £912,834 for asbestos removal costs.
3. A project contingency sum of £122,476 to meet any unforeseen costs. This sum is the difference between the £1.712m approved at GW1 stage and £1,589,524.
4. The decision to approve any spend against the project contingency sum be delegated to the Director of Education.

BACKGROUND INFORMATION

5. On 8 December 2015, Cabinet approved the Council entering into a development agreement with the Education Funding Agency (EFA) for the Council to oversee and manage the procurement and construction of a new school, TCSED, on the site of the Dulwich Community Hospital. Cabinet approved a £5m contribution from the Council's capital programme to address a projected funding shortfall and improve design quality.
6. On completion, TCSED will be an eight form entry secondary school for 1700 children including sixth form and a 20 place Autism Spectrum Disorder (ASD) resource.
7. The EFA purchased 5.21 hectares of the Dulwich Community Hospital site from the NHS, to lease to TCSED on a peppercorn rent for 125 years. The sale agreement with the NHS released the land to the EFA in three parcels.
8. Under the sale agreement, the DfE retained a sum from the land payment to cover asbestos removal costs on each phase. The development agreement makes provision for the council to recover asbestos removal costs.

9. Planning consent was granted for the school in 2016.
10. Parcels 1 and 2 of the land were released in October 2015 and phase 1 of the school opened in January 2019. The phase 1 works involved demolition of hospital buildings and new build construction to produce the School's main teaching accommodation with art and science classrooms (parcel 1) and sports hall (parcel 2).
11. The NHS has built a new health centre on parcel 4, the Tessa Jowell GP Surgery which opened in May 2020. The NHS vacated parcel on 17 June giving the DfE full vacant possession of the entire phase 2 site.

Photo 1 – Aerial of site showing land parcels



12. Phase 2 of the school will deliver the main school entrance, administration areas, sixth form centre, music facilities, lecture hall, Autism Spectrum Disorder resource and multi-use games areas. The works will involve refurbishment of the central hospital block known as 'The Chateau', demolition of the hospital wings behind and to the south of 'The Chateau', construction of new buildings, multi-use games areas and general landscaping. Phase 2 will enable the school to increase its intake to 240 pupils a year.
13. The phase 2 design team was appointed in December 2019 to prepare detailed designs
14. Practical completion of phase 2 was programmed for September 2021. Due to Covid 19, this date has been revised to February 2022 which means the ASD resource will now open in September 2022.
15. Gateway 1 approval for phase 2 demolition/enabling works was given on 23/12/19 at an estimated value of £1.712m including an allowance for the cost of asbestos removal.

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	13/05/2020
Briefed relevant cabinet member (over £100k)	09/03/2020
Approval of Gateway 1: Procurement Strategy Report	23/12/2019
Invitation to tender	20/02/2020
Closing date for return of tenders	12/03/2020
Completion of evaluation of tenders	08/07/2020
DCRB Review Gateway 2	22/07/2020
CCRB Review Gateway 2	N/A
CMT Review Gateway 2: (If applicable)	N/A
Notification of forthcoming decision – Five clear working days	05/08/2020
Approval of Gateway 2: Contract Award Report	12/08/2020
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	26/08/2020
Debrief Notice and Standstill Period (if applicable)	N/A
Contract award	27/08/2020
Add to Contract Register	27/08/2020
TUPE Consultation period (if applicable)	N/A
Contract start	10/09/2020
Publication of award notice in Official Journal of European (OJEU)	27/08/2020
Publication of award notice on Contracts Finder	27/08/2020
Contract completion date	31/03/2022
Contract completion date – if extension(s) exercised	N/A

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

- The works will clear the site and give the council a better understanding of the ground conditions, the state of the chateau and development risks. The information will assist in obtaining a more competitive tender for the main works contract.

17. Works will include:

- Soft strip
- Demolition of hospital wings at the rear and south of the chateau
- Breakout and removal of slabs and footings
- Crushing
- Removal/disposal of non-hazardous and hazardous waste including asbestos
- Stockpiling of material to be retained on site
- Isolation/disconnection/diversion of services
- Erection of site hoarding and gates
- Plant and equipment, scaffolding
- Welfare facilities
- Licences and permits
- Insurances, warranties
- Site management

Key/Non Key decisions

18. This report deals with a key decision

Policy implications

19. The provision of new, additional school places is essential to the delivery of the council's strategy for sufficient pupil places and forms a key part of the Secondary Investment Strategy. Phase 2 of the TCSED will allow the council to deliver a total of eight form entry of secondary school places that will ensure it has capacity to meet existing and future projected need and provide an element of choice for parents applying for secondary school places in the borough. Projections show that, without the school, the authority will be short of secondary places by approximately two forms of entry in 2021.
20. This provision also fully advocates the Council Plan 2018/19 – 2021/22 priorities to give a great start in life, with a vision to offer great schools and an opportunity to thrive for a fairer future.

Tender process

21. The selection process followed that set out in the GW1 report. Expressions of interest were invited from ten contractors drawn from the Council's approved list. Four either declined or did not reply. The ITT was issued on 19/2/20, inviting six companies to tender of which one withdrew during the tender process. On the closing date, 12 March 2020, five tenders were returned which complies with Council Standing Orders for a contract of this value.

Tender evaluation

22. Tenders were evaluated by a panel including the Project Manager from the Council's Regeneration Capital Works and Development team, the Council's Technical Adviser, AMR Consult and Department for Education Project Manager.
23. Tenders were evaluated on a price to quality ratio of 70% to 30%, with the contract awarded on the basis of the most economically advantageous tender. Price was

scored using the formula: lowest tender sum ÷ tender sum x 70%. Quality was evaluated on the basis of a set of questions set out in the ITT covering previous experience, methodology, capability, capacity and social value benefits. The response to each question was scored between 0 and 5 using the table below and the scores converted to a percentage then totalled to give a score out of 30%.

Assessment	Score	Basis of score
Cannot be scored	0 points	No information provided or incapable of being taken forward either because the supplier does not demonstrate an understanding of our requirements or because the solution is incapable of meeting our requirements
Unsatisfactory	1 point	Although the supplier does demonstrate an understanding of our requirements there are some major risks or omissions in relation to the proposed solution to deliver the service and we would not be confident of our requirements being met
Satisfactory	2 points	A response which is capable of meeting our requirements but is unlikely to go beyond this
Good	3 points	A response which shows that the supplier demonstrates an understanding of our requirements, has a credible methodology to deliver the service and could evolve into additional benefits.
Very Good	4 points	A response which shows that the supplier demonstrates an understanding of our requirements, has a credible methodology to deliver the service alongside a clear process and plan to deliver additional benefits and deliver value
Excellent	5 points	A response which shows how the service can comprehensively be taken to the next level in terms of exceeding our requirements and/or offering significant added value to the council's overall strategic requirements and objectives.

24. All the tenders excluded asbestos removal costs. Because asbestos surveys were not available at the time the tenders were issued, it was not possible for tenderers to quantify the costs accurately so they were excluded. Also, the development agreement includes provision for the council to recover asbestos removal costs from the DfE so budget wise, the impact should be cost neutral. However, it will still be necessary for the council to deliver the removal works and fund them up front pending re-imburement by the DfE.
25. To understand the extent of asbestos, particularly in the hospital buildings which are to be retained and refurbished for use by the school, and quantify the removal costs more accurately, the council procured an asbestos removal survey which was completed in July. The survey found extensive evidence of asbestos and estimated the cost of removal at £912,834. The actual costs of removal, including testing and disposal to the hazardous waste site, could be higher or lower than this figure and will only become known as works progress. £912,834 is a provisional sum.

26. In addition, the original tender sum has been adjusted, increasing it from £644,790 to £676,690 (both including £6k bond), as a result of a DfE request for incoming services to be capped by the demolition contractor instead of the NHS, and because the findings from the asbestos survey in relation showed less recyclable metal pipework.

Asbestos removal costs – calculation of the provisional sum and cost recovery

27. The R&D survey was carried out by an independent company.
28. As on phase 1, the Council will recover the actual asbestos removal costs from the DfE under the development agreement, subject to production of evidence of expenditure.
29. The DfE has retained part of the payment made to the NHS for the phase 2 land to cover asbestos removal costs.

Conclusion

30. John F Hunt received the highest overall score, 89.9%. John F Hunt offered the lowest price by a good margin and can reasonably be expected to carry out the works at the price they have quoted. They provided a solid bid demonstrating strong previous experience on difficult sites, good risk and impressive method statement, a realistic and relatively quick programme.

Performance Bond

31. John F Hunt has confirmed that a performance bond is available if required by the council.

Plans for the transition from the old to the new contract

32. N/A

Plans for monitoring and management of the contract

33. AMR Consult will provide project management support to manage the demolition and enabling works package contract from inception to completion.
34. AMR Consult reports directly to a Project Manager Regeneration Capital Works & Development team, who monitors their progress via regular meetings and oversight of the main project programme.

Identified risks for the new contract

35. Risk table

Risk No.	Identified Risk	Likelihood	Risk Control
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1	Delays to the delivery of the contract arising from Covid 19	Low/medium	<ul style="list-style-type: none"> - Regular contract monitoring and management reports to include specific CV19 heading to identify and mitigate any emerging risks. Transfer contract risks to the contractor where possible
2	<p>Statutory risk to the Council resulting from failure to deliver sufficient secondary school places and ASD places by summer 2021</p> <p>Also reputational and financial for both the council and school</p>	High	<ul style="list-style-type: none"> - Efficient project planning and management and sound resourcing. Running process in parallel where possible and securing timely approvals. - Contingency planning to identify priority areas for handover are agreed with the school and DfE well in advance. - Clear governance and decision making processes
3	Withdrawal of EFA funding	Low	A development agreement is in place with EFA and Department for Education (DfE).
4	Delay in handover of the site because of squatters	Low/medium	The DfE is responsible for site security until the contractor takes possession and has employed site security.
6	Contamination/asbestos uncovered in the existing buildings/site exceed that already identified leading to extensive programme delays and/or additional costs.	Medium	The development agreement with the DfE allows the council to reclaim asbestos costs incurred. Include sufficient contingency in the project budget to allow for any asbestos and/or contamination that could be uncovered during the course of demolition,
7	Delay to the start of the main works contract and completion of the school	Medium/ high	<p>Agree a contingency plan with stakeholders for phased handover to the school.</p> <p>Run the demolition and main contract work streams in parallel where possible to enable an early start on site for the main works contract.</p>

8	Slippage due to inadequate project control	Low	Council to ensure that the internal and external resources are in place to deliver the project in a timely manner.
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Other considerations (For Housing Department works contracts only)

36. N/A

Community impact statement

- 37. The Equalities Impact Assessment (EqIA) produced for the project in November 2015 identified no adverse impacts on people possessing protected characteristics.
- 38. There is a positive equalities impact as a result of the implementation of this procurement.
- 39. The project will increase the capacity of Southwark’s secondary schools in the East Dulwich catchment area which will positively impact families.
- 40. Since the 2015 assessment, the 20 place ASD resource has been added, further improving positive equalities impacts.
- 41. The EqIA will be reviewed and updated at tender stage for the main contractor

Social Value considerations

42. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

43. The provision of a clear site for phase 2 will help to de-risk the scheme for the Council and allow the main contractor to commence as soon as possible. Procuring the demolition works directly avoids the costs of overheads and profits the main contractor would apply. The tender evaluation criteria included local economic benefits.

Social considerations

44. The Council is an officially accredited London Living Wage (LLW) employer and is committed to ensuring that contractors engaged by the Council within

Southwark pay their staff at least the LLW rate. The Invitation To Tender included the Council's contract conditions requiring the payment of LLW.

Environmental/Sustainability considerations

45. Health & safety aspects of the demolition, traffic, and noise and dust nuisances are the primary concern. The contractor is required to produce an environmental management plan compliant with planning, environmental and other legal requirements and good practice, including communications plan for local residents, businesses and other stakeholders.

Market considerations

46. John F Hunt Regeneration is an Essex based private company with 50 – 200 employees. It specialises in remediation and is part of the John F Hunt Group, a leading UK demolition contractor (250+ employees) with a range of in house capabilities including plant hire, land remediation, civil engineering and asbestos.

Staffing implications

47. Any staffing requirements arising from this procurement will be provided from the consultant AMR Consult or within the existing Regeneration Capital Works and Development team structure.

Financial implications

48. The project budget (cost code E-1406-0340) is:

Source	Sum (£)	Note
EFA funding	36,542,104	EFA approval letter 26/2/16 and Development Agreement September '19. £25,420,750 released so far.
Council funding	5,000,000	Cabinet approval December 2015
Council funding for ASD resource	900,000	Cabinet paper November 2016 appendix E. 50% of £1.8m allocated for autism spectrum disorder bases in existing secondary schools. Subject to virement.
Total	42,442,104	

49. Of this, £29m has been spent to date. Commitments to date total £2.613m of which £1.712m is for the phase 2 enabling/demolition contract. This leaves £10.8m remaining for the main works contract (estimated at £9.5m) and other costs to complete delivery of the school. This will increase by the asbestos removal costs recovered from the DfE currently estimated at £912k.

Investment implications

50. N/A

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

51. A financial appraisal, including Mint assessment, of John F Hunt gave an overall score of 'very good'.

Legal implications

52. The estimated value of the works is below the EU advertising threshold and the procurement is consistent with EU and domestic legislation and with the requirements of the council's Contract Standing Orders.

Director of Education Comments

53. I am in agreement with the works required at TCSED and not that that the funds directed toward asbestos removal will be recovered from the DfE.

Consultation

54. The project was extensively consulted on for the planning application granted consent in 2016.

55. Director of Education Services Comments

Other implications or issues

56. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (CAS20/013)

57. The Strategic Director of Finance & Governance notes the contents of this report and in particular the issues identified under the Financial Implications heading. The total cost of the demolition and enabling element of the contract is £1.590m, which is less than £1.712m committed to this work leaving a project contingency of £0.122m. Of the £1.590m a sum is included for asbestos removal estimated at a cost of £0.913m which will be recovered from the DFE, in due course.

Head of Procurement

58. These works are below the EU threshold so therefore no formal concurrent is needed

Director of Law and Democracy

59. Legal concurrent is not required as the value of the works are below the EU threshold.

Director of Exchequer (for housing contracts only)

60. N/A

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

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: 08/09/2020

Designation David Quirke-Thornton
Strategic Director of Children’s and Adults’ Services

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)
As set out in the recommendations of the report.
2. REASONS FOR DECISION
As set out in the report.
3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
Not applicable.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION

None

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

N/A

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

Signature  Date: 08/09/2020

Designation David Quirke-Thornton
Strategic Director of Children's and Adults' Services

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Procurement Strategy Approval The Charter School East Dulwich (TCSED) Phase 2 demolition and enabling works procurement strategy	Regeneration Capital Works and Development	Yvonne Shaw Project Manager Mobile : 07734 779652
Link not available. For a copy contact yvonne.shaw@southwark.gov.uk		

APPENDICES

No	Title
None	None

AUDIT TRAIL

Lead Officer	David Quirke-Thornton - Strategic Director of Children's and Adults' Services	
Report Author	Yvonne Shaw – Project Manager	
Version	Final	
Dated	27 August 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Director of Exchequer (for housing contracts only)	No	No
Cabinet Member	Yes	No
Contract Review Boards		
Departmental Contract Review Board	Yes	No
Corporate Contract Review Board	No	No
Cabinet	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team	27/08/2020	

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	TCSED Phase 2 demolition and enabling works
Contract Description	demolition and enabling works
Contract Type	Works
Lead Contract Officer (name)	Bruce Glockling, Head of Regeneration Capital Works & Development
Lead Contract Officer (phone number)	07747 790638
Department	Chief Executive's
Division	Regeneration, Capital Works and Development
Procurement Route	Framework agreement
EU CPV Code (if appropriate)	N/A
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed price
Supplier(s) Name(s)	John F Hunt Regeneration Ltd
Contract Total Value	£1,589,524
Contract Annual Value	N/A
Contract Start Date	September 2020
Initial Term End Date	March 2021
No. of Remaining Contract extensions	N/A
Contract Review Date	N/A
Revised End Date	N/A
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	N/A
Comments	None
London Living Wage	Yes

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