

Item No.	Classification: Open	Date: 22 April 2016	Meeting Name: Strategic Director of Children's and Adults' Services
Report title:		Gateway 2 - Contract Award Approval For refurbishment and planned maintenance works at Ivydale Primary School	
Ward(s) or groups affected:		Peckham & Nunhead	
From:		Manager, Project Delivery Team	

RECOMMENDATION

1. That the strategic director of children's and adults' services approves the award of the contract for refurbishment and planned maintenance construction works at Ivydale Primary School to Bolt & Heeks Limited for the sum of £667,581 with a contract period of twelve calendar weeks commencing 6 June 2016.
2. That the strategic director of children's and adults' services notes that in order to achieve the programme limitations, and following a competitive tendering process a contract was awarded to Interserve FM for electrical enabling works at Ivydale Primary School for the sum of £36,681. with a contract period of one calendar week commencing 28 May 2016

BACKGROUND INFORMATION

3. In October 2015 strategic director of children's and adults services approved the procurement strategy for the planned maintenance works to be carried out in summer 2016.
4. Faithful & Gould, the council's consultant for the Planned Maintenance Programme, carried out a number of surveys and reviews and a package of refurbishment and maintenance works were identified for at Ivydale Primary School.
5. Planning and Listed Building Approval for the proposed scheme was awarded in February 2016
6. In order to ensure that the programme of work could be achieved in the summer 2016, an enabling package of work to upgrade the power supplies to the school was produced, tendered and was awarded to Interserve FM to carryout works in the Easter holiday period.
7. In January 2016 a review of the overall budget for the Planned Maintenance Programme was carried out and the original budget for the works to be undertaken at Ivydale School was reprogrammed over two years and the scope of works and programme amended accordingly.

8. The works to carryout the replacement of the boilers and the renewal of the heating installations were postponed to the financial year 2017-18.

Procurement project plan (Key decisions)

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	March 2016
Approval of Gateway 1: Procurement Strategy Report	October 2015
Invitation to tender	08/01/2016
Closing date for return of tenders	19/02/2016
Completion of evaluation of tenders	02/02/2016
CAB Review Gateway 2:	06/04/2016
Notification of forthcoming decision – Five clear working days	13/04/2016
Approval of Gateway 2: Contract Award Report	22/04/2016
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	03/05/2016
Award of Contract	04/05/2016

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

9. The school is to increase from 2 Forms of Entry to 4 Forms of Entry in September 2016, as part of the primary expansion programme. A new build is being carried out on an adjacent site which will be for Key Stage 2 pupils and the existing building (this scheme) will operate as a Key Stage One base. The main outcomes of this procurement will be to upgrade the kitchen, kitchen ventilation and provide a new servery to improve the catering facilities, to carryout structural alterations to form interconnecting reception classrooms together with the creation of new door openings to the ground floor hall to improve indoor/outdoor play and learning. There will also be the completion of the refurbishment and repair to the external fabric and windows to two elevations and the replacement of external doors at ground level which was partially carried out in summer 2015.

Key/Non Key decisions

10. This report deals with a key decision

Policy implications

11. The works proposed will help to fulfil Southwark's on going commitment to provide school places through out the Borough whilst improving the fabric and condition of the existing buildings through the Planned Preventative Maintenance Programme.

Tender process

12. Six 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 GC/Works/1 without quantities (1998) form of contract as amended by the Council's standard amendments.
13. The tenderers were, Bolt and Heeks Limited, Bryan & Langley Limited, Cuffe plc, Cosmur Construction (London) Limited, Jerram Falkus Construction, Kind & Co (Builders)Limited.
14. Following issue of the tender documents, Bryen Langley and Cuffe Plc. withdrew from the tender. A further company which had shown interest in the project, Mulalley was invited to tender but withdrew as they were unable to accommodate the timescales set out within the project programme.
15. In late January, following a review of the overall budget for the Planned Maintenance Programme the scope of works was reduced to postpone and omit the replacement of the boilers and renewal of the heating installations. The tenderers were notified of the reduced scope of work and a revised tender addendum was issued on the 8th February and the tender return date extended to 19th February 2016.
16. The tenderers were asked to provide a submission including the following:-
 - a) Programme management(4%)
 - b) Time requirements (2%)
 - c) Human resources (1%)
 - d) Health & Safety (2%)
 - e) Quality assurance systems (1%)
 - f) Risk management skills (2%)
 - g) End user engagement (2%)
 - h) Sustainability (1%)
 - i) Technical capabilities (2%)
 - j) Sub – contractors and supply chain (2%)
 - k) External relations and community benefit (1%)

Tender evaluation

17. The tender evaluation was carried out on the basis of the most economically advantageous tender, balancing price and quality submissions on an 80/20 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.
18. 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 .

19. A tender report has been produced by the consultant quantity surveyors, Faithful & Gould. Four tenders have been received and analysed by the Project Quantity Surveyor on a financial basis. It was 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 Bolt & Heeks is considered to be complete, without significant qualifications, and competitive.
20. The tender sum quoted in each returned compliant tender was scored with the lowest tender receiving the maximum mark of 80 and the remaining tenders awarded a proportion of this score based on their percentage difference from the lowest tender.
21. The large difference in price between the lowest and the highest tender returns lead to the quality submissions of the higher two being dismissed. The submissions by the lowest two tenderers have been assessed by the Project Design Team and the Project Manager in Southwark Property
22. The combined score together with the price was then used to rank the respondents.

Tenderer	Bolt & Heeks Limited	Cosmur Construction (London) Limited	Kind & Co (Builders) Limited	Jerram Falkus Construction
Combined score (%)	92.13	83.99	N/A	N/A
Rank	1	2	3	4

23. 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 Bolt and Heeks Limited.
24. The proposed form of contract for the contractor appointment is GC/Works/1 (1998) without quantities 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

25. 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.
26. 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

27.

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	Only the fabric/window renewal works will be carried out while the school is in operation and these will be in agreed areas of the school site, scaffolding 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 internal works will be carried out during the school summer holidays.
Construction delays on site	Low	Early commissioning of contractor in order to 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.
Financial risk of the contractor insolvency	Low	An Experian check on the company has been carried out and indicates below average risk.
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.
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28. A parent company guarantee will be in place as part of the contract.

Community impact statement

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

30. The increase in school places will enhance the choice of local parents and carers for school places from the academic year September 2016/17

Economic considerations

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

Social considerations

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

Environmental considerations

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

Market considerations

34. 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

35. The cost of these works can be contained within the agreed capital provision of £831,764 held on E-9610-0320 for the planned preventative maintenance of primary schools in 2016/17. Further Gateway 2 reports will be submitted to cover works contracts for other schools in 2016/17 which will be a call on the balance of funds available.

36. The cost of the award of £667,581 contract sum to Bolt & Heeks Limited can be contained within existing capital provision for the planned preventative maintenance of primary schools in 2016/17. The budgets will be transferred from E-9610-0320 and held on code E-1124-0326.
37. The school will be responsible for the on going maintenance upon completion of these works and will be met from the school's delegated budgets.
38. The following provides a full breakdown of the estimate of liability against this project

	<u>£</u>
Main contractors works	667,581
Interserve FM enabling works	36,681
Total fees allowance	105,639
Client held contingency	21,863
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Total budget	<hr/> 831,764

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

39. A second stage financial appraisal has been received for Bolt & Heeks Limited which indicates below average risk.

Legal implications

40. 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

41. Consultation has been carried with the school throughout to agree the scope and timescale for the works.
42. Public consultation has been undertaken in support of the planning and Listed Building application.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

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

Director of Law and Democracy

44. As noted at paragraph 36 a formal legal concurrent is not required for this report.

Strategic Director of Finance and Governance (CAP16/008)

45. This report is seeking approval for the award of £667,581 contract sum to Bolt & Heeks Limited and associated works and fees for the refurbishment and planned maintenance works at Ivydale primary school.

46. The strategic director of finance and governance notes that the total associated costs of awarding this particular contract at £831,764 can be contained in the planned maintenance budget for schools allocated within the council's approved capital programme.

47. The capital programme reported at February 2016 showed that overall the council's general fund 10-year capital programme was under funded by £82m.

48. The overall school maintenance programme faces a risk that there will not be resources available to complete all planned projects within the programme budget. This is because as each individual school project is agreed, remaining resources are reduced. This risk becomes more likely to occur as each additional package of work or project is agreed.

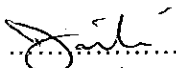
49. Officers will reallocate budgets within the primary maintenance programme to reflect the contract costs for monitoring and reporting as required and the financial position on the council's primary maintenance programme will be reported to members on a regular basis. Officers should ensure that budgets for the contract are established and profiled on the council's financial information system for effective monitoring and reporting.

50. The on going running costs of the maintenance works will be met from existing schools budgets.

51. Staffing and any other costs connected with this contract are to be contained within existing departmental 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 19.05.2016

Designation STRATEGIC DIRECTOR

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Report for Planned Maintenance Programme	Strategy and Planning Children's and Adults Services	Susan Fuller x55037
Tender Report from Faithful & Gould	Regeneration, Executive Dept. Chief	Susan Fuller x5503

APPENDICES

No	Title

AUDIT TRAIL

Lead Officer	Andy Brown, Manager Project Delivery Team	
Report Author	Susan Fuller, Project Manager.	
Version	Final	
Dated	22 April 2016	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	No	No
Director of Law & Democracy	No	No
Strategic Director of Finance and Governance	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/Community Council/Scrutiny Team		

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Contract Award Approval for the refurbishment and maintenance works at Ivydale Primary School
Contract Description	refurbishment and maintenance works at Ivydale Primary School Pre
Contract Type	GC/Works/1 without quantities (1998)
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)	Bolt & Heeks Limited
Contract Total Value	£667,580.89
Contract Annual Value	£667,580.89
Contract Start Date	6 June 2016
Initial Term End Date	October 2017
No. of Remaining Contract extensions	
Contract Review Date	
Revised End Date	
Comments	