

## MUNICIPAL YEAR 2018/19 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### PORTFOLIO DECISION OF:

Cabinet Member for Children's  
Services

### REPORT OF:

Executive Director People

**Agenda – Part: 1**

**KD Num: 4635**

**Subject: Galliard Primary School – The  
award of contract for Phase 2 –  
Replacement of Heating Distribution  
Pipework.**

**Ward: Jubilee**

**Cabinet Member(s) consulted:**  
Councillor Achilleas Georgiou

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## 1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval to award a contract to "Contractor A" for Phase 2 of the works identified in summer 2017 to replace the heating distribution pipework and associated works at Galliard Primary School.
- 1.2. The construction works have been procured following a competitive tender process via the London Tenders Portal in accordance with the Council's Contract Procedure Rules ("CPRs").

## 2. RECOMMENDATIONS

That the Cabinet Member for Children's Services and Executive Director People approve:

- 2.1. the contract award to Contractor "A" for the construction works relating to replacement of the heating distribution pipework and associated works at Galliard Primary School, as further detailed in Part 2 of this report;
- 2.2. note and approve total scheme expenditure including construction works, professional and technical costs and scheme contingency costs as detailed in Part 2 of this report;
- 2.3. that the Assistant Director, Education allocates project contingency, via operational decisions, as required.

### **3. BACKGROUND**

- 3.1. In the summer of 2017 it was identified that replacement parts for the boilers at Galliard Primary School were obsolete and future failure could result in closure of the school. There were also undetected leaks on the distribution pipework which could enhance the failure;
- 3.2. Corporate Maintenance & Construction Team (CMCT) were commissioned to investigate and recommended that the boilers should be replaced immediately and that the distribution pipework could be replaced in the summer of 2018 to minimise disruption to the school;
- 3.3. As a result, an Operational Decision was signed by the Executive Director of Children's Services on 25<sup>th</sup> July 2017 authorising works to replace the heating boiler. Works to replace the heating pipework would be scheduled to take place during the summer of 2018 and funds budgeted accordingly.

### **4. PROPOSALS**

- 4.1. After detailed consultation, a design for the replacement pipework and associated works has been agreed with the school;
- 4.2. Planning approval is not required for this scheme;
- 4.2. The construction works have been procured following a competitive quotation process via the London Tenders Portal in accordance with the Council's CPRs. Insurance Option "C" shall apply which is applicable to works of this nature;
- 4.3. The Tendering Procedure is in accordance with the JCT Practice Note 6 (Series 2) "Main Contract Tendering" Alternative 2.
- 4.4. The tender was based on the JCT Minor Works Building Contract 2016 with Contractor's Design (MWD).
- 4.5. Six contractors were invited to tender on a lump sum firm price basis. The tender documents stated a contract period of 15 weeks.
- 4.6. The tender period was 3 weeks with tender return date being no later than 12 noon on Friday 11 May 2018. The tenders were downloaded from the London Tenders Portal on 11<sup>th</sup> May 2018.
- 4.7. The tender documentation included: Preliminaries, Specification & Drawings and Pricing Document.
- 4.7. All tenders submitted are considered by CMCT to be bona-fide and competitive. This has resulted in a recommendation to appoint Contractor "A". Further details of the tenders received are provided in the Part 2 Report.

- 4.8. The main works should commence on or about 2<sup>nd</sup> July 2018 with practical completion on 12<sup>th</sup> October 2018 – total 14.6 weeks. In order for works to meet this timescale and take advantage of the school summer holiday, an order would need to be placed with Contractor “A” no later than 19 June 2018.
- 4.9. As a result, an Operational Decision was signed by Clara Seery, Assistant Director, Education on 11 June 2018 granting approval to the issue of a “Letter of Limited Liability” to Contractor “A” to cover mobilisation costs pending approval of this Key Decision.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1. Not to proceed with these works would mean that the heating pipework at Galliard Primary School could fail resulting in closure of the school. Leaks in the existing pipework are also having a detrimental effect on the efficiency of the new boilers which were installed during summer 2017.
- 5.2. It is only possible to undertake works of this nature during the summer, making maximum use of the school summer holidays in order to minimise disruption to the school and in order to ensure that the heating system is ready for use from the start of the heating season in October 2018.

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1. The tender from Contractor “A” is compliant and is the most economically advantageous tender;
- 6.2. Failure to undertake this work now could result in failure of the heating system which could result in closure of the school;
- 6.3. Health and Safety issues to be addressed with regard to pupil circulation around the school site.

## **7. COMMENTS OF THE EXECUTIVE DIRECTOR RESOURCES AND OTHER DEPARTMENTS.**

### **7.1. Financial Implications**

- 7.1.1. The lowest compliant tender was received from Contractor “A” details of which are shown in the Part 2 report.
- 7.1.2. The SCS Capital Programme as at Q1 2018/19 currently has a budget provision of £495,000-00 for this scheme from the School Condition Programme for 2018/19;
- 7.1.3. The scheme will be funded from the SCS Condition Programme 2018/19 at no borrowing cost to the Council. Any shortfall in grant funding will be covered from redirecting resources from elsewhere in the SCS capital programme.

7.1.4. The scheme is currently profiled as follows and any adjustments will be reported through the usual capital monitoring process:

	<b>2018/19 Actual £'000</b>	<b>2019/20 Actual £'000</b>	<b>Scheme Total £'000</b>
Main Contract	400	Nil	400
Contingency @ 10%	40	Nil	40
Professional & Technical Costs @ 12.5%	55	Nil	55
<b>Total:</b>	<b>495</b>	<b>Nil</b>	<b>495</b>

## 7.2. Legal Implications

7.2.1. The Council has a general responsibility for education and to secure efficient primary education to meet the needs of the population in its area under Section 13 of the Education Act 1996 (as amended);

7.2.2. Section 111 of the Local Government Act 1972 further enables local authorities to do anything, including incurring expenditure, borrowing, which facilitate or are conducive or incidental to the discharge of their functions and the Council has the power under Section 1(1) of the Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to Public Law principles. The recommendations within this report are in accordance with these powers.

7.2.3. A formal tender process was undertaken for this scheme through the London Tenders Portal and the Council has conducted the evaluation and award of contract process in a fair, transparent, proportionate and non-discriminatory manner and in full compliance with its Contract Procedure Rules ("CPRs");

7.2.4. The fees associated with this project fall below the threshold for works contracts under the Public Contracts Regulations 2015 and therefore the full EU procedures do not apply. However, the Council must ensure that it complies with the EU general principles of equality, transparency, proportionality, non-discrimination and mutual recognition when awarding any contract and with its CPRs;

7.2.5. The Council must comply with all requirements of its constitution and CPRs. Throughout the engagement of Contractor A as a provider, the Council must comply with its obligations of obtaining best value, under the Local Government (Best Value Principles) Act 1999.

- 7.2.6. The Council must keep a clear audit trail of its decision to award these services to Contractor A, in order to demonstrate that best value has been and will continue to be obtained for the Council;
- 7.2.7. All legal agreements (including all associated documentation) arising from the matters described in this Report must be approved in advance of contract commencement, by Legal Services. Contracts whose value exceeds £250,000 are required to be executed under seal and performance security should be obtained unless the Director of Finance, Resources and Customer Services considers this to be unnecessary.
- 7.2.8. The proposal has been lodged as a Key Decision through the Council's Democratic Process since the total proposed capital expenditure exceeds £250,000 (Ref: KD 4635). Once approved, the decision to proceed will be subject to the usual call-in requirements.

### **7.3. Property Implications**

- 7.3.1. The CDM Regulations will cover the necessary Health & Safety requirements during the construction works;
- 7.3.2. The professional costs (excluding surveys, planning fees, building control fees etc.) have been calculated on a percentage of the construction costs in accordance with normal practice.

### **7.4. Procurement Implications**

- 7.4.1. All procurement must be carried out in line with Contract Procedure Rules and compliant to UK & EU Regulations;
- 7.4.2. Where the minimum number of responses have not been met then under CPRs approval to proceed must be sought from Procurement and Commissioning Hub; as best value must be demonstrated. In this case approval to proceed is not required as the minimum number of responses have been received for works not exceeding £500,000;
- 7.4.3. All information and contracts must be managed and loaded into the London Tenders Portal.

### **7.5. VAT Implications**

#### **7.5.1. VAT Recovery**

The Council is generally able, under provisions of S33 of VAT Act 1994, to recover VAT incurred in relation to expenditure for which it is responsible. The Council can therefore recover VAT incurred in relation to its supply of statutory education in LA maintained schools such as Galliard Primary School. The conditions for VAT recovery must be satisfied i.e. the Council must procure/contract for the works, receive the supply, receive a VAT invoice in its name and pay with its own (corporate or grant-awarded) funds.

#### **7.5.2. Partial Exemption**

Historically, schools contribute less than .4% exempt input VAT to the Partial Exemption calculation. Therefore, this project is not expected to have any significant impact on the Council's partial exemption position.

### **8. KEY RISKS**

- 8.1. The risk in not proceeding as recommended above is that the contractor will fail to complete the scheme on programme and Galliard Primary School are without heating which would result in closure of the school until the matter can be resolved;
- 8.2. The key risk to this term contract relates to the possible poor performance of the Consultant/Contractors. This risk is mitigated by the recommended contractor being an approved supplier within a major framework contract let as part of the London Construction Programme.
- 8.3. A Risk Register will be set up to identify and manage project risks.

### **9. IMPACT ON COUNCIL PRIORITIES**

#### **9.1. Fairness for All**

This term contract will assist the Council to deliver its condition related projects and programmes which in turn will help support the delivery of services to the benefit of the community;

#### **9.2. Growth and Sustainability**

The term contract will assist in the procurement of construction related activity within the borough and its associated employment and economic benefits. The Borough needs to ensure appropriate infrastructure is in place to allow for the growth of the population.

#### **9.3. Strong Communities**

The provision of good quality schools helps to ensure a stable and strong community.

### **10. EQUALITIES IMPACT IMPLICATIONS**

- 10.1. The provision of local schools across the borough ensures quality of rights to good education provision.

### **11. PERFORMANCE MANAGEMENT IMPLICATIONS**

- 11.1. The performance of Contractor "A" will be monitored by Corporate Maintenance and Construction Team;

## **12. HEALTH & SAFETY IMPLICATIONS**

- 12.1. The CDM Regulations will apply and the requisite notices and Health and Safety information will be issued to the contractor.
- 12.2. Any proposed long-term works will also need to ensure compliance with the Workplace Reform Agenda for staff facilities.

## **13. PUBLIC HEALTH IMPLICATIONS**

- 13.1. There are no direct public health implications arising from this term contract.

### **Background Papers**

None.

