Cabinet

Contract award: School expansion at Watersheddings Primary School

Portfolio Holder : Councillor Jabbar, Cabinet Member Finance, Human Resources

Officer Contact:  Executive Director Commercial Services

Report Author:-  Barney Harle, Capital Works & Energy Manager (Ext: 1985)

21st July 2014

Reason for Decision
To seek approval to accept a successful tender and award a contract for Three classroom and kitchen expansion at Watersheddings Primary School, Oldham as part of the Targeted Basic Need Programme of works.

Recommendations
To note the results of the tendering exercise which resulted in submission of tenders on 9th June 2014.

To accept the recommended tender from J Greenwood (Builders) Ltd.

To enter into a contract to deliver internal remodelling works to facilitate expansion.
Contract award: School expansion at Watersheddings Primary School

1  Background

1.1 As part of the Targeted Basic Needs programme funded by Central Government Grant, Watersheddings Primary School was identified as being a site requiring expansion to cope with growing pupil numbers. A small project team was established to define and design the project including the school and Unity Partnership.

1.2 The Targeted Basic Needs Programme seeks to address shortages in school places at 4 nr primary schools across the borough and is funded by means of a central government grant of £3,359,506, a contribution of £150,557 from Oldham Council and £270,000 from diocese funds. The acceptance of this grant and a parallel grant of £6,116,937 for a new special school were noted in a cabinet approval dated 24th February 2014.

2  Current Position / Procurement process

2.1 The Targeted Basic Need Programme has identified the following series of projects that will be required to meet the 2013 -2015 increase in demand for primary school places:-

- Mills Hill – 6 class teaching block and associated works
- Propps Hall – 2 classroom extension and associated works
- Watersheddings – 3 classroom extension and associated works
- St Hilda’s – diocese managed (and partially funded) school expansion

2.2 To date these projects are at the following stages:-

- Mills Hill – Phase 1 tenders received, Phase 2 and 3 are due to go out to tender July 2014
- Propps Hall – due to go out to tender July 2014
- Watersheddings – tenders received
- St Hilda’s – tenders received directly by diocese / school

2.3 The design team prepared a series of standard and site specific information for the project at Watersheddings which were used for tendering purposes.

2.4 This was a restricted tender advertised via the Council’s Procurement Portal; The Chest. Expressions of interest (EOI) for this contract was openly advertised, contractors meeting the selection criteria linked to Constructionline formed part of the successful expressions of interest where six contractors were randomly selected and sent the tender documentation via The Chest. Bidders in alphabetical order are:
2.5 In accordance with the Council’s Contract Procedure Rules, the evaluation of the tender submissions has sought to identify the submission offering best value, based upon a combination of economy, efficiency and effectiveness. The weightings applied to the tender submissions have been:

- Technical Assessment – 30%
- Contract Price – 60%
- Social Value – 5%
- Early Payment – 5%

2.6 The tender evaluation was undertaken by Darren Judge (Corporate Procurement Commercial Manager) and Ian Foy (Unity Partnership Project Manager).

2.7 In ascending order the following scores were agreed by the evaluators for the six companies that did submit:

- 85.00
- 83.00
- 81.00
- 79.00
- 79.00
- 77.00

2.8 The outcome of the evaluation process was that J Greenwood (Builders) Limited scored 85.00 and submitted the tender offering the most economically advantageous package with relation to cost and technical ability to deliver. J Greenwood (Builders) Limited are a local based supplier who demonstrated commitment to delivering Social Value.

2.9 It is recommended that the contract is awarded to J Greenwood (Builders) Ltd. as noted above and that the terms of contract used will be JCT Intermediate Building Contract with Contractor’s Design Contract 2011 Edition.

3 Options/Alternatives

3.1 Option 1 – Do nothing
This is not an option as the Targeted Basic Need programme is essential to meeting the growing demand for primary school places and is subject to a legal agreement with the Education Funding Agency (EFA).
3.2 Option 2 – Accept tender
This is the recommended option as it will facilitate the delivery of the necessary teaching spaces and ancillary accommodation required both for the intake of the September 2014 cohort and the future intakes of pupils from September 2015.

4 Preferred Option

4.1 Option 2 – Accept tender
This is the recommended option as it will enable delivery of all of the required accommodation within the timescales required by the funding agreement signed with the EFA.

5 Consultation

5.1 Internal consultation with schools access officers, AED children’s services, corporate landlord, procurement team and the school have informed the approach and the recommended option.

6 Financial Implications

6.1 The total funding for the Watersheddings Primary school project that is included in the Council’s approved capital programme is £840,627.00. This is financed as set out in the table below.

<table>
<thead>
<tr>
<th>Funding</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>TBN Grant per school</td>
<td>765,627</td>
</tr>
<tr>
<td>TBN Project Management Fee</td>
<td>75,000</td>
</tr>
<tr>
<td>Total TBN Funding</td>
<td>840,627</td>
</tr>
</tbody>
</table>

6.2 The anticipated total cost of the scheme is set out below:

<table>
<thead>
<tr>
<th>Costs</th>
<th>2013/14 £</th>
<th>2014/15 £</th>
<th>2015/16 £</th>
<th>TOTAL £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Costs</td>
<td>0</td>
<td>570,734</td>
<td>14,634</td>
<td>585,368</td>
</tr>
<tr>
<td>Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unity Professional Fees</td>
<td>38,251</td>
<td>56,249</td>
<td>10,500</td>
<td>105,000</td>
</tr>
<tr>
<td>Planning Fees</td>
<td>0</td>
<td>1,155</td>
<td>0</td>
<td>1,155</td>
</tr>
<tr>
<td>Building Regulation Fees</td>
<td>0</td>
<td>1,230</td>
<td>0</td>
<td>1,230</td>
</tr>
<tr>
<td>Site Surveys</td>
<td>22,376</td>
<td>506</td>
<td></td>
<td>22,882</td>
</tr>
<tr>
<td><strong>Total Fees</strong></td>
<td><strong>60,627</strong></td>
<td><strong>59,140</strong></td>
<td><strong>10,500</strong></td>
<td><strong>130,267</strong></td>
</tr>
<tr>
<td>Furniture</td>
<td>100,000</td>
<td></td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>60,627</strong></td>
<td><strong>729,874</strong></td>
<td><strong>25,134</strong></td>
<td><strong>815,635</strong></td>
</tr>
</tbody>
</table>
6.3 In total, it is anticipated that the cost of the project will be £815,635. As can be seen, this is within the cost envelope that the Government has approved for this project and the Council has included within the capital programme.

6.4 The key issues to note with regard to the Government funding are:

a) The grant funding was initially approved so that £186,047 of capital expenditure and the £75,000 for project support had to be spent by 31st August 2014, with the balance of funds spent by 31st August 2015. The school extension work is scheduled to begin at the end of July and is expected to be finished next year in either January or February. As this work has yet to begin, it is therefore possible that spend may not be in line with the 2014/15 anticipated profile.

b) The Council has been in correspondence with the Education Funding Agency (EFA) to gain agreement for the reprofiling of the funding for the project so that resources are not lost.

c) Most recent communication from the EFA implies that reprofiling will be acceptable and that all grant funding can be utilised up to 31st August 2015. It should, however, be noted that the EFA has not formally confirmed this. The Council is continuing to seek the necessary confirmation.

d) If there is any underspending in relation to a funding allocation (assuming reprofiling is agreed) then the resources must be returned to the EFA. Underutilised resources cannot be used for other projects. The Council’s Internal Audit Service will be required to provide assurance to the EFA that the resources have been used appropriately and to certify the sum. If the project spends in line with expectations, £24,992 will have to be returned to the EFA. [Anne Ryans]

6.5 Revenue Implications
The School will receive additional funding in 2014-15 of £26,212 for 15 pupils from the growth fund which forms part of the Dedicated Schools Grant. The school will continue to receive this funding each financial year until 2020-21 when the school will have taken on the additional 105 pupils.

6.6 The maintenance costs arising from the project will be met from the individual schools budgets. [Liz Caygill]

7 Legal Services Comments

7.1 Compliant with Contract Procedures Rules. Upon contract award, the Council will be legally bound to procure the works from J Greenwood (Builders) Ltd. The original grant conditions are not being fully complied with due to the profiling of the funding being inconsistent with the planned programme of
works and expenditure profile. There has been correspondence to alert the 
EFA to this so as to endeavour to mitigate such risk. [Rebecca Coldicott]

8. Cooperative Agenda

8.1 No comments [Jenni Barker]

9 Human Resources Comments

9.1 No Comments [Andy Collinge]

10 Risk Assessments

10.1 One potential risk the Council may not be able to manage on this project 
relates to the original grant conditions for Targeted Basic Need funding which 
envisaged that Phase 1 funding for the programme would be spent by the 31st 
August 2014. Due to the slippage on the Council programme efforts to get 
formal agreement by the Department of Education (DoE) to extend this date 
have not been successful. The DoE website however indicates that all 
expenditure must be completed by the end of August 2015. Should the 
original timeframe for spending the grant be applied then the impact will be 
that the Council will have to finance any expenditure incurred on the project 
from 1st September 2014 from its own resources. [Mark Stenson]

11 IT Implications

11.1 N/A

12 Property Implications

12.1 The works at Watersheddings are in line with the Council’s corporate property 
plan to create additional pupil places in the locations of highest need. This 
project not only addresses the issue of increasing pupil numbers but also 
incorporates the required works to meet the new free school meals initiatives 
for key stage 1 children. [Barney Harle]

13 Regeneration Implications

13.1 Noted. [Claire Nangle]

14 Procurement Implications

14.1 The Procurement has been carried out in line with EU Regulations and 
Oldham Council’s Contract Procedure Rules.

14.2 All insurance documentation, method statements and risk assessments must 
be requested, received and checked to be in compliance with the Council’s 
requirements.
14.3 J Greenwood (Builders) Limited are registered with Constructionline in accordance with the Council’s requirements.

14.4 The financial status of the Company has been assessed by the Council (Dun & Bradstreet report) and J. Greenwood (Builders) Limited is a minimal risk company (scored on 19/6/14).

14.5 J. Greenwood (Builders) Limited proposed the best commercial solution and are a local based supplier. Their tender contained strong commitments toward Social Value with a sizeable projected spend within Oldham. [Darren Judge]

15 Environmental and Health & Safety Implications

15.1 Health and Safety
All Health and Safety documentary evidence was submitted by J Greenwood (Builders) Ltd in compliance with that requested via the Invitation to Tender process.

There are no prosecutions or enforcement notices recorded on the HSE enforcement website in respect of J Greenwood (Builders) Ltd for the period concerned. [James Fortune-Clubb]

15.2 Environmental

Where work is to be undertaken, there will inevitably be some environmental disruption during the process. The contractor must highlight how they will mitigate their impact and pollution of the local environment within their tender submission. Contractors appointed must also adhere to the Council’s Environmental Policy. With any school and/or kitchen expansion works the site will consume more energy after completion and see an increase in their energy bills. Equipment installed must be suitably sized to keep energy bills down. [Justine Collins]

16 Equality, community cohesion and crime implications

16.1 N/A

17 Equality Impact Assessment Completed

17.1 No

18 Key Decision

18.1 Yes

19 Key Decision Reference

19.1 CFHE-19-14

20 Background Papers
20.1 None

21 Appendices

21.1 None