

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Strategic Director of Children's Services

Date: 09/01/2024

Subject: The Award of the Contract to Refurbish Lena Gardens to Cuttles Construction Ltd.

Report of: Peter Haylock, Operational Director of Education and SEND

Report author: Anthony Mугan, Service Manager – Education Assets

SUMMARY

The Lena Gardens Primary school site has returned to Local Authority control and provides a site well suited to long term educational use. An award of the contract to refurbish the site has previously been approved to Arc Group Ltd., but prior to contract signing Arc have requested a significant uplift in contract price. This report therefore recommends award of the contract for refurbishing the premises to provide high quality educational facilities for future use to Cuttles Construction Ltd, the second placed bidder which now represents the most economically advantageous bid. This investment will support options for the long-term educational use of the Lena Gardens site.

RECOMMENDATIONS

1. To note that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the award of the contract to refurbish Lena Gardens to Cuttles Construction Ltd. for £829,002.50 plus 9.3% contingency of £77,253.40 (total of £906,254.80) funded from Basic Need capital grant.

Wards Affected: Addison, Ravenscourt

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The provision of improved educational facilities for pupils to support improved educational outcomes.
Creating a compassionate council	The provision of a quality learning environment for future educational use for H&F children and young people.

Doing things with local residents, not to them	Improvements to the Lena Gardens site responds to concerns raised with the condition of the current school site and provides opportunities for future use.
Being ruthlessly financially efficient	The refurbishment of the Lena Gardens site represents significantly better value for money as an alternative site for a local primary school.
Taking pride in H&F	Supporting H&F children with the provision of high-quality educational facilities.
Rising to the challenge of the climate and ecological emergency	The refurbishment will contribute towards reducing carbon emissions by providing improved building fabric.

Financial Impact

3. The refurbishment of Lena Gardens Primary School is expected to cost up to £906,255 including contingency. The works are expected to span the 2023/24 and 2024/25 financial years.
4. Cabinet previously approved the drawdown of up to £906,255 from the School Condition Allocation grant (SCA) to refurbish Lena Gardens Primary School on 4th September 2023. The Education Assets and Operations Service has since reprofiled the planned spend of banked Capital grants, and requests approval to drawdown £906,255 from banked Basic Need grant funds on the refurbishment of Lena Gardens Primary School. The request to drawdown from the Basic Need grant for the proposed works will be presented to Cabinet on 15th January 2024 as part of the Q2 Corporate Capital Programme Monitor report. There is a banked Basic Need grant balance of £1.727m which is enough to cover the cost of the works, and the spend is in line with the terms and conditions of the grant.
5. The Education Assets and Operations Service is also proposing to amend the preferred supplier from Arc Group London to Cuttle Construction Ltd, due to a recent significant increase in contract price of Arc Group London. Cuttle Construction Ltd therefore represents the best Value for Money. The payment will be made to Cuttle Construction Ltd on the satisfactory completion of works. A Credit Safe report run on 1st December 2023 on Cuttle Construction Ltd shows the supplier has a credit score of 60 (low risk) and a contract limit of £37,000.
6. The payments will be made to the supplier in three instalments in March 2024, April 2024 and a final payment in May 2024, subject to satisfactory progress and delivery which will be monitored by the Service. The contract will reference the clawback or the withholding of monies by the Council in the event of unsatisfactory performance by the supplier.

Table 1 – Breakdown of project costs

Expenditure Estimates	Lena Gardens
Capital: Essential refurbishment, repairs and safeguarding works (Incl. Contingency)	719,189
Capital: Specialist and professional fees	187,066
Subtotal Capital Expenditure	£906,255
Funded by:	
Basic Need grant	£906,255

Financial Implications provided by: Anjali Chadha, Principal Accountant, 4th December 2023

*Reviewed by Tony Burton, Head of Finance, Children's Services and Education,
Verified by James Newman, Assistant Director Finance, 13th December 2023*

Legal Implications

Contracts and Procurement

This report recommends the award of the contract to carry out the works of refurbishment works to Cuttle Construction Limited. The value of the contract falls below the threshold for this to be a public works contract for the purposes of the Public Contracts Regulations 2015. There are therefore no statutory requirements relating to the procurement.

This is a high value contract for the purposes of the Council's contract standing orders. In accordance with the procurement strategy there was a competition under the terms of the London Construction Programme Framework. The use of a suitable third party framework in accordance with its terms is a compliant tendering process under CSO 18. The requirements of CSOs have therefore been met.

Given the fact that the bidder evaluated as having submitted the most economically advantageous tender is seeking a substantial uplift in its price, it is now correct to award the contract to Cuttle Construction Limited.

The award of the contract is a key decision under the Council's Constitution and will need to be included within the key decision list on the Council's website.

John Sharland, Senior Solicitor (Contracts and Procurement) 28th November 2023

Property

The Council has the power to enter into contracts under s1(1) of the Local Government (Contracts) Act 1997 provided the contract is entered into pursuant to a substantive Council function and is for a proper purpose. In this case the relevant substantive Council function include in respect of primary schools under section 14 of the Education Act 1996.

Section 111 of the Local Government Act 1972 empowers the Council to do anything (whether or not involving the expenditure, borrowing or lending money or the acquisition or disposal of any property rights) which is calculated to facilitate or which is conducive or incidental to the discharge of any of its functions.

Rachel Silverstone, Senior Solicitor(Property & Planning), 11 December 2023

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Lena Gardens primary school was formerly an academy and was part of the Elliot Trust. The site was leased to the Trust on a 125 year, as is standard for academies and free schools. The academy closed on the 31 August 2019 and the site was therefore managed by the DfE before formally returning to LA control after the Trust formally surrendered the lease in December 2021. H&F resumed control of the Lena Gardens site from 1 April 2022.
2. A condition survey undertaken in the autumn of 2021 identified significant essential works, estimated at £451,000 that will be needed to bring the Lena Gardens site to a condition suitable for future educational use. This figure did not include:
 - costs associated with ICT and telephony infrastructure,
 - specialist surveys, such as asbestos and drainage surveys, along with the works resulting from the surveys,
 - potential issues in the basement and roof spaces that were not directly accessible.
3. A procurement strategy was approved in October 2022. Specialist consultants, Bailey Garner, were appointed to develop the detailed specification of works, which was developed in close consultation with school partners. The works were tendered through the London Construction Programme framework (LCP).
4. Six bids were received, and a detailed tender evaluation identified that the bid from Initially Arc Group London Ltd. was found to represent best value but have since asked for an uplift of £76K. This makes Cuttle Construction Ltd. the most economically advantageous bidder. Cuttle have given an undertaking in writing that they would stand by their bid, despite the passage of time. Evaluation scores are shown in appendix A.
5. Refurbishing the site would allow a high-quality educational facility to be available as a possible temporary location for a local primary school and for long-term educational use at relatively modest cost.

6. The award of the refurbishment works is therefore recommended.

Reasons for Decision

7. The refurbishment of the Lena Gardens site will provide a high-quality educational facility for ongoing educational use at significantly lower cost than a new build.

Equality Implications

8. There are no direct negative equality implications for groups with protected characteristics, under the Equality Act 2010, by the approval of the refurbishment of the Lena Gardens site.

Risk Management Implications

9. The report recommends approving the temporary relocation of Flora Gardens Primary School to the Lena Gardens site, following refurbishment of Lena Gardens, along with the funding for associated relocation and disruption costs. The relocation will provide a high-quality educational environment for pupils and staff at Flora Gardens, supporting educational outcomes and supporting the sustainability of the school. This is in line with Council objectives as set out in the report.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 28 November 2023

Climate and Ecological Emergency Implications

10. The current Flora Gardens building is of an old design and is thermally inefficient. Lena Gardens, particularly when refurbished, will provide a more thermally efficient fabric, contributing immediately towards reducing carbon emissions. The building is also much more suited to further investment (e.g. air sourced heat pumps) as the estate moves towards net zero and will be included in the programme of feasibility studies currently underway to support investment grade proposals for fundamental upgrading to net zero.

Hinesh Mehta, Head of Climate Change 11/12/23

LIST OF APPENDICES

Exempt Appendix 1: Summary of bids