



London Borough of Hammersmith & Fulham

CABINET MEMBER DECISION

21st May 2014

**DELIVERING THE SCHOOLS CAPITAL PROGRAMME:
JOHN BETTS, PARAY HOUSE, POPE JOHN, AND WOOD LANE SPECIAL
SCHOOL**

Report of the Cabinet Member for Education

Open Report

Classification: For Decision

Key Decision: Yes

Wards Affected: All

Accountable Executive Director Andrew Christie – Executive Director Children’s Services

**Report Author:
Dave McNamara – Tri-borough Director of Finance
& Resources (Children’s Services)**

Contact Details:
Tel: 020 (8753 3404)
E-mail:
(dave.mcnamara@lbhf.gov.uk)

AUTHORISED BY:

The Cabinet Member has signed this report.

DATE: 21 May 2014.....

1. EXECUTIVE SUMMARY

- 1.1. This report builds on the previous reports set out in the School Organisation Strategy for Hammersmith & Fulham 2012/13. It makes recommendations for the allocation of the contingency established in the April 2014 Cabinet Report and delegated to the Cabinet Member for Education the authority to determine the appropriate use of the contingency fund in support of the schemes approved by Members as part of the Schools’ Capital Programme. It seeks approval to award the contract for works at Normand Croft to facilitate the capital works required at New King’s school, and seeks approval to commission 3BM as the main contractor to deliver the required expansion at Wood Lane Special school.

2. RECOMMENDATIONS

2.1. John Betts

- 2.1.1. Subject to a formal agreement between the council and the school/ John Betts Foundation (St Peter's Hammersmith Schools Foundation) to ensure the continuance of the provision of a bulge class to allocate up to £444,000 (including VAT) for fit-out works to the ground floor of Ravenscourt house to be used for the provision of statutory education purposes.

2.2. New King's & Sullivan (re-location of Paray House from New Kings to Normand Croft)

- 2.2.1. In line with the prior delegation given to waive standing orders, to appoint the Principal Contractor as Shaylor Group Ltd for the remodelling works of the Normand Croft School for the sum of £429,240.

2.3. Wood Lane Special School

- 2.3.1. To appoint 3BM as the Principal Contractor for the expansion of Wood Lane Special School for the sum of £750,000.

2.4. Pope John

- 2.4.1. To approve the allocation of a further £221,000 to fund the additional inflation cost of the contract resulting from delays incurred in resolving complex land title issues.

3. REASONS FOR DECISION

- 3.1. The recommendations listed above will contribute to the Council meeting its identified key educational priorities.

- To meet the Council's statutory responsibility to provide school places to meet demand
- The Schools of Choice agenda for expanding popular schools
- Increase the percentage of resident children choosing the Borough's schools
- The Special Schools Strategy

4. INTRODUCTION AND BACKGROUND

- 4.1. In response to the receipt of additional Basic Need Grant in 2011-12 the Council developed a process to invite bids from schools that addressed the Council's key essential priorities of Schools of Choice. Since that time the Council has continued to use the same process to allocate funds. The total amount of funding within the Schools' Capital Programme is **£109.524m**. In total, £106.124m has already been allocated including establishing a contingency of £742k. This leaves a current balance available for further allocation of £3.4m. This report seeks to allocate funds from the existing contingency rather than by allocating sums from the remaining balance.

5. PROPOSAL AND ISSUES

5.1. **John Betts**

- 5.1.1. John Betts Primary School is a one-form entry primary school that is heavily over-subscribed. The school currently has 240 pupils across 8 classes with a bulge class, who will progress through the school, leaving in 2019.
- 5.1.2. The school accommodation is in 8 classrooms in a Grade II listed Victorian building. The Learning environment is cramped and there is little opportunity for break-out areas for specialist areas, and compromises the school's ability to provide access for children with disabilities.
- 5.1.3. The developers of an adjacent site have offered a ground floor space equivalent to 2 classrooms. This would provide the following benefits:
 - Accessible classrooms to provide flexibility for class with children with severe mobility issues
 - Early years indoor/outdoor education
 - Free up more space for specialist teaching by relocating officeThe newly available space would allow the school to expand into a space that would meet its current needs but would not facilitate a further expansion.
- 5.1.4. The current arrangement with the school would see the bulge class grow out of the school in 2019. The proposal is that in lieu of the funding required to fit-out the new accommodation (£444k) that the school sustain the bulge class arrangements beyond 2019 by taking a new bulge class from 2019.
- 5.1.5. The proposed sum includes a provision for VAT should it not be possible to avoid VAT through the development being zero-rated, or opportunities to reclaim any VAT payable.

5.2. **New King's & Sulivan (re-location of Paray House from New Kings to Normand Croft)**

- 5.2.1. The scope of the works included the works necessary to accommodate Paray House plus additional works required by the school and necessary planned maintenance works.
- 5.2.2. The procurement process commenced on the 8th April 2014 when a notice was posted on the London Tenders Portal (Pro-Contract). The Project Team decided to procure the appointment of the Contractor through a Further Competition process via the Schools and Community Buildings Framework (SCB1 – Workstream 2) managed by the London Housing Consortium (LHC). The development of the design, Specification and Drawings were completed by 3BM, the Education Project Manager partner of LBHF.
- 5.2.3. The 'Invitation to Tender' documents for the Remodelling Scheme Works' were issued to four Companies that are assigned to the SCB1 Workstream 2 on the 8th April 2014 with a tender period of four weeks.

- 5.2.4. The deadline for the return of bids was set at 12 noon on Thursday 8th May 2014. One Bid return was received from the following Company:- Shaylor Group Ltd. In line with the delegation given to waive standing orders, to appoint the Principal Contractor as Shaylor Group Ltd for the remodelling works of the Normand Croft School for the sum of £429,240.
- 5.2.5. Funding for the works are to come from the following sources relating to the nature of the works to be completed:

Work Package	Value (£)	Funding Source
Relocation of Paray House	118,746	CHS Capital Budget
Safeguarding works in relation to NHS drop-in facility	147,287	H&S works element of 2014/15 planned maintenance programme
Reconfiguration of school accommodation	102,781	School contribution
Asbestos Management	60,426	Asbestos management element of 2014/15 planned maintenance programme
TOTAL	429,240	

The contribution for the relocation of Paray House represents an £19k in the estimate reported to Cabinet to be funded from the contingency.

5.3. **Wood Lane Special School**

5.3.1. The Works

5.3.2. The proposed Wood Lane funding allocation will provide additional accommodation required to enable the school to meet the needs of the current roll of 94 pupils in a school designed for 65, and expand further provision to deliver the curriculum in an inclusive and safe environment for teaching and learning.

5.3.3. The Works comprise the proposed extension of the existing school consisting of 4 No. classrooms, redecoration of the existing circulation spaces, and reconfiguration of the teaching kitchen. The Works are split into two Sections with varying completion dates. Section 1 comprises the extension works and Section 2 the circulation redecoration, kitchen reconfiguration. Section 1 works are programmed for completion by 10th October 2014 and Section 2 works by 22nd August 2015.

5.3.4. The all-inclusive project budget set by LBHF of £750,000, includes statutory fees, surveys, professional fees and client contingency. This results in a construction contract value of circa £650,000.

5.3.5. Tender Process

- 5.3.6. In accordance with LBHF procurement requirements and guidelines, the procurement of a main contractor was progressed via list of contractors generated from Constructionline. A list of 20 contractors was generated from Constuctionline from which 3BM contacted contractors from the top of the list down until a tender list of 5 contractors had confirmed that they would respond to the opportunity.
- 5.3.7. Tender documents were issued to the first 5 contractors who confirmed their interest which included:
- 5.3.8. Tender Documents were issued to the above contractors via the London Tenders Portal on 9th April with a specified tender return by 03:00 on 9th May 2014. Following receipt of the tender documents, 2 contractors subsequently confirmed they no longer wished to respond to the tender opportunity due to work load.
- 5.3.9. 2 Tender returns were received in accordance with the instructions to tenderers. A further tender submission was received after the closing deadline and subsequently discounted from the evaluation.
- 5.3.10. The most economically advantageous tender return exceeded the anticipated construction contract value by circa £130,000.
- 5.3.11. Due to the time constraints for completion of the project and the need for LBHF approval for acceptance of tender by the 21st May 2014, there is not sufficient time within the programme to undertake a value engineering exercise via the London Tenders Portal to achieve confirmation of a compliant revised contract value within the approved budget.
- 5.3.12. In addition the alternative option of retendering the works in its entirety to an alternative set of contractors cannot be supported within the programme, and there is no guarantee that with the current volatility of the construction market that the outcome would be more advantageous to LBHF.
- 5.3.13. Consideration was given to other potential solutions to deliver the required scheme within budget.
- 5.3.14. On the basis of the tender returns received and the criticality of delivering the project on programme and to budget, it is recommended that LBHF appoint 3BM Ltd under their existing OJEU compliant appointment to deliver the project for a fixed fee value of £750,000.
- 5.3.15. The appoint of 3BM to deliver this project on a fixed fee basis will deliver value for money to LBHF by transferring procurement risk to 3BM Ltd. In addition 3BM are able to further demonstrate the delivery of value for money to the council by:
1. Working with a supply chain of sub consultants and sub-contractors who have been selected on the basis of their reliability and track record of delivering projects to budget and programme;
 2. Utilising the benefits of the 3BM in house design team during the construction phase;

3. As a strategic partner to the council 3BM have a contractual commitment to protect the interests of the council via their separate service contract;
 4. Commitment to a fixed price for a turnkey project;
- 5.3.16. As part of the process 3BM will need to demonstrate and provide on-going assurance of their supply chain resilience of sub consultants and sub-contractors.

5.4. Pope John

- 5.4.1. To approve the allocation of a further £221,000 to fund the additional inflation cost of the contract resulting from delays incurred in resolving complex land title issues

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. As part of the funding decision making process, projects considered for funding under this draft strategy have been discussed at Cabinet Member briefings, and the schools in question have been visited by Cabinet Members and/or Council officers to appraise the merit of the projects for funding.

7. CONSULTATION

- 7.1. There is no external consultation involved in the allocation of funding to these projects and contract award decisions.

8. EQUALITY IMPLICATIONS

- 8.1. The proposals relating to Sullivan and New King's were part of a comprehensive assessment undertaken as part of the decision-making process in relation to those schools.
- 8.2. All other proposed projects within this report were considered for funding under the Schools Organisation Strategy 2012/13 approved by Cabinet 10th December 2012. As such, these projects are incorporated in the Equality Impact Assessment for that report.
- 8.3. Funding and delivery of the projects proposed within this report, is part of the Councils strategy to deliver its schools of choice agenda. This will have a positive impact on all the residents of Hammersmith and Fulham, with children of school age, as it is an integral part of an all-encompassing strategy for all learners in the borough. The new opportunities that these new and expanded schools will provide will improve the choices for more local children to attend local schools, regardless of race, gender, disability, sexual orientation or religious belief.

9. LEGAL IMPLICATIONS

- 9.1. It is noted that Cabinet on 07 April 2014 delegated approval to the Cabinet Member for Education to award a contract to a contractor to carry out remodelling works at Normand Croft School. The appointment of Shaylor

Group Ltd is in the compliance of the Contract Standing Orders and procurement legislation.

- 9.2. In relation to the proposed appointment of 3BM as the principal contractor for the expansion of Wood Lane Special School, this would be in the compliance of the Contract Standing Orders and procurement legislation as the appointment is covered under the Contract Notice that was published by the Council when creating the employee-led mutual. The reasons for the direct appointment are set out in the body of the report.
- 9.3. Implications completed by: Kar-Yee Chan, Solicitor (Contracts), 020 8753 2772.

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. The Schools Capital Programme has a complex and diverse set of funding streams as set out in paragraph 4.1 totalling £109.524m(being the total since the inception of the programme in 2011). The previously reported envelope for the Programme was £96.963m. The increase of £11.080m is represented by additional targeted Basic Needs allocations (£1.998m), additional Free School and Academy funding (£9.082m) and the confirmed LA Maintenance grant for 2014/15 (£1.481m). There is no additional call on Council mainstream resource - the increase in the programme is wholly attributable to increased external grant funding.
- 10.2. To date, the Cabinet has allocated a total of £93.116m leaving a balance of £16.408m. The proposed allocation of resources of £13.008m in this report (inclusive of a sum set aside for contingency) would leave a further £3.4m for future allocations.

VAT Implications

- 10.3. Except in special circumstances, the Council is only able to reclaim VAT relating to capital expenditure on Community Schools. Where projects relate to other schools the Council must be mindful of this. With specific regard to Voluntary Aided schools the HMRC have issued revised guidance which will need to be complied with.
- 10.4. In addition, where leases of land and buildings are involved as part of the project, or there are complex streams of funding (for example contributions from schools or third parties), the VAT implications must be explored due to the potential impact on the Council's partial exemption. The potential impact is determined by the nuances of each project and the nature of the consideration and therefore this should be reviewed on a case by case basis.
- 10.5. Comments provided by: Christopher Harris, Head of Corporate Accountancy and Capital, tel 0208 753 6440

11. RISK MANAGEMENT

- 11.1. The Tri-borough Children's Services Department is compliant with the established Tri-borough approach to management of risk and the proposals contribute positively to the Bi-borough Enterprise Wide Risk Register entry number 2, Managing the Business Objectives, ensuring the public's needs and expectations are known and addressed. The department report quarterly on its risks to the Hammersmith and Fulham Business Board and an established process is in place to record and present emerging risks to its senior leadership team. 3BM are responsible to ensure it has an effective risk management system in place for the monitoring and management of the risks associated with the works programme. Procurement risk will be the responsibility of the Children's Services Directorate.
- 11.2. Comments provided by: Michael Sloniowski, Bi-borough Risk Manager 020-8753-2587.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 12.1 At its 7th April 2014 meeting, Cabinet approved expenditure on a number of capital schemes to improve schools in H&F, and gave approval to delegate contract award on these to the Cabinet Member for Education. The procurement implications of those schemes contained in this Cabinet Member Decision are covered below.

Relocation of Paray House from New Kings to Normand Croft School and appointment of Contractor for wider works at Normand Croft.

- 12.2 7th April 2014 Cabinet delegated approval to award the works needed to both re-locate Paray House School to Normand Croft, and (as part of a wider project) to re-locate a NHS drop-in facility to the same site to the Cabinet Member for Education. The pre-tender estimate given for the re-location of Paray House was £100k; an estimate of the wider works at Normand Croft was estimated to be £300k but did not reflect the full extent of the additional works subsequently built into the works specification.
- 12.3 In line with the Council's Contracts Standing Orders (CSOs), a competition was run for the works required at Normand Croft school, with 5 companies invited to tender from the London Housing Consortium Framework. Unfortunately, only one tender was returned, thus making it difficult to benchmark the value for money of that tender, taking into account quality and cost. However, given the wider dependencies requiring an efficient re-location of Paray House and timely completion of the works needed to enable this, the Director for Procurement & IT Strategy concurs with the recommendation to award the works at Normand Croft to Shaylor Group Ltd.

Wood Lane Special School

- 12.4 Prior delegation of contract award of the works at Wood Lane was approved by Cabinet on 7th April, subject to satisfactory tenders being returned within the pre-tender estimate of £750k.
- 12.5 Competitive tenders were sought from 5 organisations via ConstructionLine in accordance with the Council's CSOs. However, of the 3 tenders that were returned, one was late (and not therefore opened) whilst the most

economically advantageous of the other two was significantly more expensive than the pre-tender estimate and affordability envelope.

- 12.6 Given the return of un-awardable tenders, the Director of Procurement & IT Strategy supports the recommendation to directly commission *3BM* to deliver the Wood Lane project for a fixed fee of £750,000. This is a sensible and pragmatic solution to delivering completion of this project within budget in time for the new academic year; and one provided for under the OJEU notice placed by the Council when creating the Employee-Led Mutual. Namely, the commissioning of *3BM* by any of the three tri-borough Councils and by any school in the tri-borough area to provide a wide range of construction-related and other support services, either directly or by *3BM* sub-contracting to other providers.

Comments provided by: John Francis, Principal Consultant, H&F Corporate Procurement. 020-8753-2582.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Condition Survey + Targeted need Application	Dave McNamara Ext. 3404	Children's Services