# Contract Award for Construction and Refurbishment of Three Primary Schools

**Chingford Hall Primary Academy School;**

**Mayville Primary School;**

**The Jenny Hammond Primary School**

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## Wards affected

- **Chingford West Ward** (Chingford Hall Primary Academy School)
- **Leyton South Ward** (Mayville Primary)
- **Cann Ward** (The Jenny Hammond Primary)

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## Public Access

Open except for the Appendices 2a, 2b and 3, which are exempt in accordance with Section 100(A-H) of the Local Government Act 1972 and Schedule 12A as amended, on the grounds that they involve the likely disclosure of exempt information as defined in Part 1, paragraph 3, as they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and disclosure would not be in the public interest.

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## Appendices

- **Appendix 2a** – First Stage Contract Award dated 30 October 2014- (Exempt)
- **Appendix 2b** – Amendment to First Stage Contract Award dated 21 May 2015 – (Exempt)
- **Appendix 3** – NPSL Tender Report dated 1 July 2015 – (Exempt)
- **Appendix 4** - Climate Change Matrix
- **Appendix 5** – Full Equalities Analysis
1 SUMMARY

1.1 Approval is sought for the award of three contracts to deliver the capital expansion projects at Chingford Hall Primary Academy School, Mayville Primary School and The Jenny Hammond Primary School to enable expansions by one form of entry.

1.2 The Council has already appointed Willmott Dixon Construction Ltd as its preferred contractor under the first stage of a 2 stage tender procedure, to carry out pre-construction services including design works, preparatory enabling works and early works.

1.3 This award for the construction work to deliver the school expansion is made after Willmott Dixon Construction Ltd has demonstrated value for money through a second stage tender where subcontract prices were obtained on an open book basis.

2 RECOMMENDATION

The Assistant Director, Asset Management and Delivery is recommended to award the second stage contracts to Willmott Dixon Construction Ltd, totalling £12,572,629.72 to deliver the 1FE expansion work at each of the three schools:

<table>
<thead>
<tr>
<th>School</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chingford Hall Primary</td>
<td>£3,600,163.42</td>
</tr>
<tr>
<td>The Jenny Hammond Primary</td>
<td>£5,251,140.87</td>
</tr>
<tr>
<td>Mayville Primary</td>
<td>£3,721,325.42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£12,572,629.72</strong></td>
</tr>
</tbody>
</table>

3 PROPOSAL

3.1 This contract award committing the Council to expenditure in excess of £1,000,000 is a key decision. The award of these contracts ensures that each of the schools have the capacity to meet an additional one form of entry statutory school places that are to be provided from September 2015. Separate phases of early and enabling works have been commenced under separate contract awards to ensure that the three primary schools have capacity to accept the first cohort of this expansion for the start of next academic year.

Background

3.2 Chingford Hall Primary Academy, The Jenny Hammond and Mayville Primary Schools expansion projects are included in the 2013 – 2017 Schools Capital Programme (Appendix 1). Cabinet approved the school expansions on 9th December 2014 with a total capital allocation of £16.106 million.

3.3 Cabinet agreed to:

Delegate authority to the Assistant Director for Asset Management and Delivery in consultation with the Portfolio Lead for Children and Young People and the Director of Finance:
To approve the tendering process and business case for new projects (including projects over £1 million) within the agreed funding envelope;

To authorise officers to proceed with the procurement of these projects in accordance with the agreed tendering process; and

To award contracts to successful contractors provided it is within the resources available in the Council’s Capital programme to meet such contractual commitments.

3.4 The three primary expansion projects have been procured under a two-stage tender process. This procurement strategy was approved by Strategic Procurement Board on 8 August 2014.

3.5 The first stage contracts at each of the schools were awarded to Willmott Dixon Construction Ltd in the sum of £491,421 on 30 October 2014 (Appendix 2a - Exempt), to carry out design services via a Pre-Construction Services Agreement (PCSA), and establish the construction prices.

3.6 This Agreement was extended on 26 May 2015 (Appendix 2b - Exempt) to include the critical early and enabling works that would guarantee the Council provides the additional school places for September 2015 by bringing forward work that would have otherwise been carried out later in the project.

Procurement

3.7 The projects were tendered through the London Borough of Barking and Dagenham Framework as a mini-competition to contractors who expressed an interest. All mini competition documents were issued via the London Tenders Portal. The invited contractors’ bids were evaluated on a 70% cost: 30% quality basis. The procurement of these works contracts complies with the Council’s Contract Procedure Rules.

3.8 The first stage tender was awarded and then extended as set out in 4.4 and 4.5 above. The second stage tender, that includes subcontract tenders for all building trade packages has been received and examined on an open book basis by the Council’s technical consultants, NPSL.

3.9 Willmott Dixon Construction Limited’s second stage tenders for the three projects were received on 19th May 2015 through to 29th June 2015.

3.10 The tenders for the three projects reported at the 12th June 2015 totalled £12,795,189 including £539,000 of risk items.

3.11 These were significantly higher than NPSL’s approved pre-tender budget of £11,047,881 by £1.75 million for all three projects.
value engineering process to identify cost savings was carried out together with other pricing corrections. Further revised submissions were received from Willmott Dixon from 12th June to 1st July through a value engineering process. These exercises realised total savings of £222,559.28 that could be delivered without compromising the three projects’ objectives.

3.13 The reasons for the initial tender costs being higher than anticipated are: high preliminary costs arising from the complex phasing costs on all three projects on tightly constrained occupied sites; under estimate of ground works and contaminated soil to be removed; an overheated construction market in London where inflation rates and sub contractor’s availability is at a premium.

3.14 The final tender sums for the three projects are below.:

<table>
<thead>
<tr>
<th>Project</th>
<th>Pre Tender Budget</th>
<th>Tender Sums</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chingford Hall</td>
<td>£3,063,133</td>
<td>3,705,204</td>
<td>£ 642,071</td>
</tr>
<tr>
<td>Mayville</td>
<td>£3,042,664</td>
<td>3,730,595</td>
<td>£ 687,931</td>
</tr>
<tr>
<td>The Jenny Hammond</td>
<td>£4,942,084</td>
<td>5,359,390</td>
<td>£ 417,306</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>£11,047,881</strong></td>
<td><strong>£12,795,189</strong></td>
<td><strong>£ 1,747,308</strong></td>
</tr>
</tbody>
</table>

3.15 The final tender sums proposed can be accommodated within the aggregate of the 3 project budgets and remain affordable within the sums approved in the Capital Programme. The project budget for the 3 schemes is £16.106million. There is ample headroom for other project costs such as professional fees and contingencies.

Accordingly the tender reports prepared by NPSL (Appendix 3 - Exempt) conclude that the three contracts may be awarded in sums totalling £12,572,629.72, as this represents competitive pricing at current market levels and represents value for money.

4 OPTIONS & ALTERNATIVES CONSIDERED

4.1 The Council could decide not to award the contracts. This will result in the Council not meeting its statutory duty to provide additional school places.
5 SUSTAINABLE COMMUNITY STRATEGY PRIORITIES (AND OTHER NATIONAL OR LOCAL POLICIES OR STRATEGIES)

5.1 The Primary School Expansion Projects at Chingford Hall, Mayville and The Jenny Hammond Schools will play a key role in supporting the Council Priorities 2015-2018 to help build a strong local economy and thriving town centres by supporting our schools to provide top quality education and training. This capital investment will facilitate sustainably designed, energy efficient proposals at schools easily accessible by sustainable transport modes.

5.2 The improved expanded schools will continue to act as community hubs accessible to the general public outside school hours, providing equal life chances, building sustainable communities and encouraging more families to remain in the Borough.

5.3 During the development stage due regard will be given sustainability. Department for Education guidelines currently require that all school buildings meet at least the “very good” standard as assessed by the Building Research Establishment Environmental Assessment Method (BREEAM).

5.4 As part of the statutory approval process all capital schemes will comply with Building Regulations Part L2 (conservation of fuel and power) and the Council’s Planning and Development Management policy DM11 (seeking 40% reduction on 2010 building regulation carbon emissions). Note; Proposals shall achieve compliance with the Council's planning policies by requiring 35% carbon reduction against 2013 building regulations.

5.5 A Climate Change Matrix has been completed (Appendix 4) and this sets out sustainability items that will be addressed. These will vary from site to site and will include addressing energy efficiency, water use, air quality issues, any site contamination, better insulation, sustainable urban drainage systems, recycling during construction and post construction energy use for example.

6 CONSULTATION

6.1 Consultation has been carried out through the pupil place planning process. All schools were consulted and responses included in the pupil place planning methodology. Statutory consultations for the three school expansion projects were carried out in early 2014.

6.2 Design consultations were carried out as part of the planning process.

7 IMPLICATIONS

7.1 Finance, Value for Money and Risk

7.1.1 The second stage tender sums from Willmott Dixon Construction Limited for Chingford Hall Primary Academy, Mayville Primary and The Jenny Hammond Primary Schools total £12,572,629.72

7.1.2 The tender sums being considered include the value of design work and enabling works that are already completed or committed to on each project.
7.1.3. NPS London reviewed Willmott Dixon Construction Ltd subcontract tenders and produced Tender Reports (Appendix 3- Exempt). This concluded that the tender prices from Willmott Dixon Construction Ltd, is compliant with the programme, and is recommended for acceptance.

7.1.4. Provision has been made for the three named primary schools expansion projects in the Schools Capital Programme 2014-2017, agreed in December 2014.

7.1.5. The total aggregate estimated project cost, including fees and associated works for all 3 projects is forecast, on the basis of these tenders, are within the £16.106m approved resources identified within the Schools Capital Programme. This includes construction contingency budgets for each project.

7.2. Legal

7.2.1. Under section 14 of the Education Act 1996 the Council has a duty to ensure that there are sufficient schools providing primary education in its area. Section 16 of the Act confers a power on the Council to maintain and assist primary and secondary schools. Section 22 of the Schools Standards and Framework Act 1998 provides that the Council’s duty to maintain community schools includes a duty to make premises available for use by the school. These powers and duties enable the Council to carry out the proposed works at Chingford Hall Primary Academy, Mayville Primary, and The Jenny Hammond Primary Schools.

7.2.2. Under regulations 6 and 8 of the Schools Premises Regulations 2012 school premises and the accommodation and facilities provided therein must be maintained to a standard such that, so far as reasonably practicable, the health, safety, and welfare of pupils are ensured and that lighting in each room is suitable for its use, which means giving priority to daylight in appropriate areas.

7.2.3. Any award of the contract must be in accordance with the procedures set out in the London Borough of Barking and Dagenham Framework Agreement.

7.2.4. The Section 1 of the Localism Act 2011 provides a general power of competence for local authorities. It gives local authorities the same power to act that an individual generally has and provides that the power may be used in innovative ways. This includes the power to enter into contracts.

7.3. Equalities and Diversity

7.3.1. The projects will have a positive impact on children and young people by facilitating improvements in:

- The supply of school places relative to demand;
- Educational outcomes through the provision of better educational facilities in a healthier and more pleasant school environment;

7.3.2. People with disabilities (including pupils, staff and visitors) will benefit from the provision of new building and extensions, which will be required to comply with the access requirements in the Equality Act 2010;
7.3.3. Under the framework procurement all bidders were required to provide satisfactory answers to a series of questions about equalities and diversity, including evidence of how they complied with equalities legislation;

7.3.4. An equality analysis was approved by Cabinet on the November 2013. It was updated and approved on 30th October 2014 with the first stage contract award approval, and is attached as Appendix 5.

7.4. Human Resources Implications
7.4.1 There are no human resources implications.

7.5. Council Infrastructure
7.5.1 The project will be managed, developed, designed and delivered by the Council’s Capital Programmes team in partnership with NPS London Ltd and Willmott Dixon Construction Ltd.

BACKGROUND PAPERS
None