



Executive
29th May 2007

**Report from the Director of
Children and Families**

For Action

Wards Affected:
Kingsbury

**Authority to award contract for the new build post 16
building at Grove Park and Hay Lane Special Schools**

Forward Plan Ref: C&F-06/07-30

Appendix 3 is not for publication

1.0 Summary

1.1 This report requests authority to award the contract for the construction of a new building for 16 – 19 year old special needs students at Grove Park and Hay Lane special schools, as required by Contract Standing Order 88. This report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to whom the contract should be awarded.

2.0 Recommendations

2.1 That Members award the contract for the design and build of the new building for special needs students at Grove Park and Hay Lane special schools to HLS Installations Ltd to commence in August 2007 for the contract sum of £2,452,509.68.

3.0 Detail

- 3.1 The Director of Children and Families carried out a Review of Special Education Needs in the borough early in 2005. One outcome of that review was an agreement to develop a new shared 16-19 provision for both the Hay Lane and Grove Park Schools to meet the needs of students with severe learning difficulties and profound and multiple learning difficulties. The current provision for post 16 students at both schools is not satisfactory and needs to be developed in line with the latest DfES guidance. A new post 16 building will provide for both Grove Park and Hay Lane students. Students will remain on the roll of their respective school and the centre will be managed jointly by both schools. Both schools are committed to the new facility and an agreement will be developed detailing the respective responsibilities of both governing bodies.
- 3.2 Children & Families Asset Management Service appointed Sampson Associates to provide Royal Institute of British Architects Stages C to L, which include: architectural work, the technical input, preparation of the tender documentation and assistance with the tender process and evaluation, and cost analysis for the design and development of the building. Sampson Associates will administer the building contract once it is awarded.
- 3.3 It is anticipated that the building contract will start on site at the beginning of August 2007 with an estimated completion date late May 2008. The building is to be sited to the rear of the Grove Park School site ensuring that the building is accessible by both schools.
- 3.4 The scheme has planning permission – this was granted 8 March 2007.
- 3.5 An authority to invite tenders report in relation to this project was approved by the Executive on 12 March 2007.

The Tender Process

- 3.6 The new contract will be let using the Joint Contracts Tribunal Standard Form of Contract 1998 edition with Contractor's Design, which will include Brent's standard amendments.
 - 3.7 The process used for the procurement of this contract was the JCT single stage selective tendering process (being the two stage tender procedure outlined in the Council's Contract Standing Orders). The Executive noted and gave its approval of this process and to the evaluation criteria stated in paragraph 3.13 below.
 - 3.8 In July 2006 advertisements were placed in the trade press (Construction News, 20 July 2006) and a local paper (Harrow Times, 20 July 2006) seeking initial expressions of interest. Four contractors submitted pre-qualification questionnaires ("PQQs") and all passed the Council's PQQ assessment.
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- 3.9. As reported to the Executive in March of this year, due to the consultants' mistaken belief that Members' approval had already been granted, Executive approval was not sought before the Tender process began. However the Executive approved the continuation of the process in March of this year.
- 3.10. All four contractors, as listed in the confidential Appendix 3 attached to this report, were invited to tender for the contract.
- 3.11. In addition to the Form of Tender, tenderers were required to submit a price analysis and a works programme. The deadline for submission of tenders was 17th April 2007; four tenders were received.

Evaluation Process

- 3.12. Tenders were opened by Legal and Democratic Services at the Town Hall on the 17th April 2007 and four valid tenders were received.
- 3.13. The evaluation of the tenders was carried out by Officers with the assistance of Sampson Associates to determine the most economically advantageous tender to the Council, in accordance with the tendering instructions. Tender evaluation was undertaken using the criteria and weightings listed below, as agreed by the Executive on 12 March 2007:
 - Price/Cost – 75%
 - Quality – 5%
 - Approach to Service Delivery and Timescales – 5%
 - Track record in similar types of work – 5%
 - References – 5%
 - Current Capacity – 5%

An evaluation matrix showing the scores of each tender against the evaluation criteria is attached as Appendix 1. The Contract Sums tendered by each contractor are shown in Appendix 2 of this report. As the unsuccessful tenderers' names have been withheld from publication, for the purposes of this report, the tenderers are referred to as Contractors 1, 2, 3 and 4. The names of the contractors are contained in Appendix 3 (not for publication).

- 3.14. Sampson Associates issued its tender evaluation report on the 23rd April 2007 to the evaluation panel of Brent Officers to consider and make a recommendation to the Executive as to the award of this contract. It is noted that on top of the tendered construction costs, stated below in the following paragraphs, there are associated costs both prior to commencement of and post completion of the construction contract. They amount to £63,874 (including kitchen, furniture, soil tests). In addition to the evaluation report a tender report was produced with supplementary information on the evaluation of each tender as follows:
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- Contractor 1 for £ 2,452,509.68, being the most economically advantageous tender to the Council, was free of arithmetical errors, inconsistencies or qualifications. Contractor 1's tender offered a 35 week contract period and noted availability to commence early August 2007. HLS Installations Ltd / Contractor 1 and the HL Smith Group (parent company) are long established contractors with a great deal of project experience. HLS Installations Ltd has an in-house mechanical and electrical services division together with in-house computer-aided design facilities and has been involved in a number of educational projects carried out in Brent including the Preston Manor City Learning centre, science laboratories at Preston Manor High School, external re-cladding at Kingsbury High School and Barham Primary school Gym and Music Faculty.
- Contractor 2 for £ 2,522,500.00 contained two small pricing errors with an effect in the Councils favour of less than £10,000. Contractor 2 would be willing to stand by these errors. The tender was reasonably well considered and free of significant qualifications. Their record of quality workmanship in this sector scored a 4 and their current capacity a 3 given that they require an additional 7 week lead-in compared with Contractor 1, which tendered a lead-in time of [12 weeks. Contractor 2 tendered a 40 week contract period starting late September 2007; again longer than Contractor 1.
- Contractor 3 for £ 2,712,400.00 was free of arithmetical errors, inconsistencies or qualifications and seemed very well considered. Their record of quality workmanship in this sector was perceived as scoring a 4 and their current capacity a 4 given that they require a longer construction period than Contractor 1. A 40 week contract period starting mid August 2007 was offered.
- Contractor 4 for £ 2,990,105.00 contained one arithmetical computation error of £25,000.00 in favour of the Council. As this tender was not under further consideration because, by all other assessments, this contractor was evidently out of contention as measured by the tendering criteria , the Contractor was not asked if they would be prepared to stand by this error. The tender seemed otherwise to be properly prepared but not competitive. Quality and approach to service delivery and timescales both scored 4s as this Contractor has an inclination towards a modular rather than bespoke approach. Contractor 4 tendered a 43 week contract period but was available to commence works in July 2007.

Results of the Evaluation Process

3.15. Contractor 1 was the highest scoring tenderer, as detailed in the evaluation matrix in Appendix 1 and its tender was evaluated as the most economically advantageous to the Council. It is therefore recommended that Members award the contract to Contractor 1, namely HLS Installations Ltd.

- 3.16 The contract will commence in August 2007 subject to approval by the Executive to award the contract to HLS Installations Ltd for the Contract Sum, as recommended by this report.
- 3.17 If Members approve the award of this contract the cash flow will be £1.74m in 2007/08 and £0.92m in 2008/09. Children and Families' four year capital investment plan will need to have its cash flow reviewed in order to adjust its resources to enable the new build scheme to be funded. In any event, that capital investment plan has provision in total cost terms for the scheme to be afforded.

4.0 Financial Implications

- 4.1 The Council's Contract Standing Orders state that works contracts exceeding £1 million (High Value Contracts) shall be referred to the Executive for approval of the award of the contract.
- 4.2 The value of this works contract is £2,666,000, to include £2,452,509.68 which is the Contract Sum. The professional design fees are estimated at £150,573.46
- 4.3 The budget for this project was agreed by Members at the Council meeting on the 6th March 2006 as part of the SEN Review programme. The agreed budget was set at £3 million.
- 4.4 The value of these works is within the total budgetary allocation for SEN schemes in the Children and Family four year capital programme and should any additional costs arise relating to this scheme, these will be contained within the department's overall capital allocations.
- 4.5 Given that this project is being funded directly through the capital programme it is being managed by officers from the Asset Management Team rather than being devolved to the two schools.
- 4.6 The table below shows an extract from the 2006/07 to 2010/11 Children and Families Capital Programme detailing the SEN Schemes budgetary capital allocations as approved by Full Council on 5th March 2007. As can be seen from the table the budgetary allocation for this scheme is £2.541m across 2007/08 and 2008/09 which is not sufficient to accommodate the proposed full Contract Sum for the scheme, including fees of £2.660m as detailed at 4.2 above. As stated at 4.4 above these costs can be contained within the overall budgetary allocation for SEN Schemes through a re-alignment of the funding for the other schemes to be provided via this budget. If the resources are insufficient for the full implementation of the SEN Review, the matter will be considered within the 2008/09 and future years' budget setting process.

In addition, it can be seen that the profile of the capital allocations do not match the estimated cash flow of the scheme as laid out in paragraph 3.17 above. As a result, if this scheme is approved Children and Families will have to review the profiles of other schemes across

the overall capital allocation in order that this scheme can progress whilst retaining the overall capital programme within the funding available for each financial year. If this scheme is approved the results of any re-profiling to the Children and Families Capital Programme will be reported to the Executive within the first Capital Monitoring report for 2006/07 in the July cycle.

Programme Details	2006/07	2007/08	2008/09	2009/10	2010/11
	Capital Programme	Capital Programme	Capital Programme	Capital Programme	Capital Programme
	£000	£000	£000	£000	£000
SEN Schemes					
Grove Park/Hay Lane joint Post 16 facility	0	541	2,000	0	0
Woodfield	0	754	0	0	0
PRU conversion of ex Chalkhill Youth Centre	0	500	1,226	1,153	0
Commitments carried forward from previous years	513	208	774	0	0
SEN Schemes	513	2,003	4,000	1,153	0

Members should note that this matter should be considered in tandem with the contents of the report entitled “Award for Contract for the New PRU & Improvements to Chalkhill Youth and Community Centre” elsewhere on this agenda, which also deals with proposed expenditure falling on the overall SEN Schemes capital allocation.

5.0 Legal Implications

- 5.1 The estimated value of this contract is below the Public Contracts Regulations 2006 (“EU Regulations”) threshold for works contracts and is not therefore governed by the EU Regulations. It is however subject to the overriding EU principles of equality of treatment, fairness and transparency in the award process.
- 5.2 The award of the proposed works contract is also subject to the Council’s own Standing Orders and Financial Regulations in respect of High Value contracts. As a result, Executive approval is required to award the contract.
- 5.3 Following Executive approval on 12 March 2007 all relevant Council Standing Orders and Financial Regulations have been complied with.
- 5.4 The contract will be awarded by the Council therefore creating a contract between HLS Installations Ltd (the recommended tenderer) and the Council.

6.0 Diversity Implications

- 6.1. The SEN Review was approved by the Council in October 2005. The recommendations in this report take forward the outcomes of the recommendations onto implementation. The proposals in this report have been subject to screening and officers believe that there are no adverse equality implications. However, the new proposals will provide a high quality inclusive building.

- 6.2. The school draws its school population from a diverse community with 31% Black or Black British, African-Caribbean heritage and 41% Asian backgrounds.
- 6.3. The proposed building will benefit the diverse community as mentioned above and will provide a 21st century learning environment for those children and will be compliant with the access requirements of the Disability Discrimination Act 1995.

7.0 Staffing/Accommodation Implications

- 7.1 There are no staffing implications for Council staff or for the respective School staff arising from the award of the works contract.
- 7.2 The staff and pupils will remain in the present accommodation during the construction of the new building; they will then be decanted into the new building.

Background Papers

- CYPF 2006
- SEN Review
- Site studies
- Tender correspondence files
- Tender submission documents
- Evaluation documents
- Executive Report 12 March 2007

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Director of Children and Families

APPENDIX 1

Evaluation Matrix

Item	Criteria & weighting	Contractor 1	Contractor 2	Contractor 3	Contractor 4
1	Price/cost (75%)	75	73	68	62
2.	Quality (5%)	5	4	4	4
3.	Approach to service delivery and timescales (5%)	5	5	5	4
4.	Track record in similar types of work (5%)	5	5	5	5
5.	References (5%)	5	5	5	5
6.	Current capacity (5%)	5	3	4	5
	Scores	100	95	91	85

APPENDIX 2

Tendered Contract Sums

Contractor 1: £ 2,452,509.68

Contractor 2: £ 2,522,500.00

Contractor 3: £ 2,712,400.00

Contractor 4: £ 2,990,105.00
