

Contract Award: Woodberry Down Children's Centre - Re-provision of Children's Centre facilities by creating new build extensions to existing listed building

Key Decision No. CE S012

**CABINET MEETING DATE
(2020/21)**

18 October 2021

CLASSIFICATION:

Open with exempt appendix

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

Woodberry Down

CABINET MEMBER

Cllr Caroline Woodley
Cabinet Member for Families, Early Years, Parks and Play

KEY DECISION

YES

REASON

Expenditure and Contract Award

GROUP DIRECTOR

Ian Williams Group Director of Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1. This report sets out the recommendations to appoint a contractor (**Contractor D**) from the London Construction Programme Frameworks, Lot 2.1B - EDUCATION & LEISURE Framework for the creation of 2 new build extensions and the refurbishment of the existing listed building at Woodberry Down Children's Centre, Springpark Drive, making the centre fit for purpose and a source of pride for the families in the local area. There has been a thorough and extensive design process in which the children's centre and the Hackney Education Senior Leadership team and council have been fully involved. This has provided cost and programme certainty, as per the details set out in the report. The existing buildings are on an area of the Woodberry Down Estate that has been fully regenerated and this project forms one of the final pieces of this regeneration. This project will bring together the local children's centre services under one roof and allow one of the existing buildings to be demolished and a new pocket park to be formed. The scheme will deliver a single storey and two storey extensions as well as the full refurbishment of the existing listed children's centre building. With the remaining 'lilliput' building being demolished by Berkely homes and a new pocket park constructed. The works will be funded via various funding pots, including £1.27m from the section 106 pot associated with the regeneration of the estate; the allocation of this funding was approved at Cabinet and confirmed on the 10th of January 2020 and £1.82m approved on the 19th of October 2020.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. This report requests approval for the award of the main contract to undertake a building contract for the re-provision of Children's Centre facilities by creating new build extensions to existing listed building as well as noting the funding streams for the delivery of the schemes. The contractor (**Contractor D**) was selected via a competitive tender process via a compliant framework, following a Business Case previously agreed by the Executive Director. The tender evaluation was based on quality (60%) and price (40%) using the London Construction Programme Frameworks, Lot 2.1B - EDUCATION & LEISURE Framework.
- 2.2. To note the full budget and funding

3. RECOMMENDATION(S)

To approve the appointment of (**Contractor D**) to carry out the construction of the new build extensions and refurbishment of the existing listed building using the London Construction Programme Frameworks, Lot 2.1B - EDUCATION & LEISURE, this framework provides contractors with particular relevant experience working on education premises.

4. REASONS FOR DECISION

- 4.1. As set out in the Business Case (February 2020) this project has been tendered using a pre-qualified framework specialising in education refurbishments, registered on Constructionline. The fact that this was a prequalified framework ensured sufficient interest from contractors to offer a competitive price, and ensured transparency and impartiality. The tender evaluation criteria were set at 40% cost: 60% Quality. This was based on the fact that the existing building is nationally listed and that a high level of finish was required so that the completed building did not detract from the newly refurbished estate.
- 4.2. All contractors approached have demonstrated to have good previous experience of delivering school refurbishment projects, of the 7 contractors approached 4 returned a compliant tender. All returned tenders passed the questions around Enhanced DBS and London Living Wage in the ITT.
- 4.3. Restricting the tender process to a pre-qualified framework, rather than being fully open, ensured a good range of tenders without placing undue demands on companies to respond, or officer time to appraise a large volume of responses whilst being sufficient to ensure a fair and reasonable price is achieved and the relevant skills and experience are in place.
- 4.4. On the basis of the outcome of the evaluation of all the submissions, it is recommended that the contract is awarded to **(Contractor D)**. The tender Evaluation Panel is confident that their price (even though it is the highest) covers all issues, risks and includes a high level of working standards, borne out by their extremely high score in their quality proposal.
- 4.5. All returned tenders were assessed against set quality and cost criteria:
 - Proposed Team and Experience
 - Methodology
 - Project Delivery
 - Programme and Completion
 - Health and Safety
 - Sustainability
 - Cost Management

The numerical validation was undertaken by a cost consultant (Playle and Partners) and this included any clarifications that required further advice and comment in respect of the overall tender return. This saw some very minor variations to the original contract sums of some returns and all details are contained within Appendix A which should be read to support this document.

The Quality element of assessment was reviewed and marked by the Capital Project Manager for LBH and a consultants representative from Rivington

Street Studios. The moderation meeting was then chaired by LBH Procurement on 04/05/21 with all marks agreed following this meeting. The Scoring matrix ratified values are held by the procurement officer and this will be referred to as supporting documentation Appendix B.

	Quality	Price	Total
Contractor A Barnes Construction	44%	34%	78%
Contractor B Cosmur Construction	37%	38%	75%
Contractor C Kind Diamond Build Consortium	42%	40%	82%
Contractor D T&B Contractors	52%	34%	86%

4.6. The intended form of contract is JCT Intermediate Contract with Contractor's Design (JCT ICD 2019) with LBH amendments added

4.7. The contract is to commence in November 2021, for a period of 63 weeks.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5.1. This scheme forms part of the larger regeneration of the Woodberry Down estate, which will transform the entire estate. Local children's centre services are delivered from two separate but adjacent buildings on the estate, the existing 1950s children's centre and the temporary 'Lilliput' building, the land that the lilliput building sits upon forms part of the larger redevelopment strategy of the Woodberry Down estate and needs to be demolished (not part of this project), however there is a need to re-provide the services delivered at the temporary 'Lilliput' building into the new build extensions on the Main Children's centre site adjacent. The existing Children's Centre building is Grade II Listed and has been highlighted as needing refurbishment, it adjoins the John Scott Centre, which is owned and managed by the NHS.

5.1.1 This report looks to set out the appointment of a contractor from the London Construction Programme Frameworks, Lot 2.1B - EDUCATION & LEISURE to deliver the new build extensions and refurbishment at Woodberry Down Children's Centre.

5.1.2 The Authority is a member of the London Construction Programme Framework. This framework includes a lot dedicated to education and leisure buildings, known as Lot 2.1B, which has been procured in accordance with OJEU requirements.

5.1.3 The revised budget of **£4,482,894** is broken down as follows;

- A budget of £693,327 identified from discretionary funding (approved by cabinet in 2015) and AMP funding (through a virement process)
- A ring-fenced section 106 contribution, which was approved by the S 106 Board in January 2020 in the sum of £1,270,688
- An additional bid was submitted to Cabinet for £1,819,102 and approval was granted in October 2020
- A budget virement of £699,777 was submitted to Cabinet in July 2021

The funding is a combination of section 106 and capital contributions as shown in the table in section 4, finance comments. The grant funding and capital contributions will fund the capital costs of the building work, including for the consultancy and project management fees.

However as mentioned elsewhere in this report tenders have been returned above the pre-tender estimate and additional funding of £667,000 has been sought and this has been approved (see 4th bullet point). It was thought that the increase in price is down to various issues, including Covid 19 and different ways of working, Brexit and the scarcity of some building materials.

5.1.4 Other procurement routes were considered and discounted because of the specialist nature of the project, the time frame as well as the resource intensity that would be required to complete these processes, reviewed in detail below;

a) Open Tender Process - Following the unsuccessful performance of contractors appointed through an open tender process, working on previous Heritage/Listed building projects, it was decided that this option would not be considered for the current programme of work on the Listed Building.

b) Restricted Tender Process – This option was discounted because the main aim of this procurement process is to award the contract to the most suitable contractor(s) with the right level of expertise, and skills set to undertake these works, which this procurement route would not necessarily achieve, also with the need to complete the works as a matter of urgency, in order to mitigate risk of further delay to the overall Woodberry Down estate refurbishment.

c) Frameworks that were explored are as follows;

i) **Schools and Community Buildings (SCB2) Framework: £0-£2M Refurb** – one of a number of frameworks were explored as a possible solution:

a. Suppliers:

- i. Kier Services
- ii. Novus Property Solutions
- iii. Shaylor Group plc
- iv. Vinci Facilities

b. Reasons for Rejection

- i. Lack of competition with very few suitable suppliers on Lot, unlikely to obtain sufficient demonstration of value for money;
- ii. Lack of specialist heritage/Listed Building experience

ii) **PAGABO Framework: Small to Medium Works (Lot 5)** – one of a number of frameworks were explored as a possible solution:

a. Suppliers:

- i. Lakehouse Contracts Limited
- ii. Morgan Sindall plc
- iii. Shaylor Group plc

b. Reasons for Rejection

- i. Lack of competition with very few suppliers on this Lot, unlikely to obtain sufficient demonstration of value for money;
- ii. Lack of specialist experience with historic post war buildings and occupied educational buildings

iii) **EfA Framework - Lot 16 – Low Value Band: London**

a. Suppliers:

- i. Borrás Construction Limited
- ii. Bowmer & Kirkland Ltd
- iii. Diamond Build Plc
- iv. Engie Regeneration Ltd
- v. Kier Construction Limited
- vi. Net Zero Buildings Limited

b. Reasons for Rejection

Lack of specialist experience with historic post war buildings and occupied educational buildings.

6. BACKGROUND

This project was initially instigated back in 2015, in line with the overall refurbishment of the Woodberry Down Estate, it has had several issues which has led to delays including land ownership issues where a land transfer was required, a change in early years practices, which required a layout redesign. Due to the length of time this project has been ongoing, it was felt that a new RAT, Primas and business case should be developed, this was undertaken and approved in November 2020.

6.1 Policy Context

The Mayor's priorities of:

- *tackling inequality; making Hackney a place that works for everyone, with affordable homes, job opportunities and **first class schools**, where no-one is left behind.*
- *Increasing education opportunities.*

The above priorities form part of this project by providing:

- a high quality Children's Centre Facility
- and once the larger estate regeneration is completed will support improving lives and capacity for independence thereby promoting the quality of life and wellbeing of all our residents. This is facilitated through the creation of high quality facilities.

It is also hoped that this project will:

- maintain local employment
- ensure our residents have the education, skills and support to provide long term benefits by increasing employment, skills and education opportunities
- support children's centres in ensuring that we actively help young people into careers and that all residents, whatever their age, have the skills and support they need to get into employment, return to work, start a business and enjoy life

It is also envisaged that this project will:

- help create local jobs

6.2 Equality Impact Assessment

This project is to deliver a single storey and two storey extension as well as a full refurbishment of the Woodberry Down children's centre. The main aim of this project is to bring together two buildings that are currently on the

Woodberry Down estate, this also frees up additional land to complete the near completed Woodberry Down estate regeneration. The project will positively and directly impact the lives of Hackney's residents. In addition to the above, the preferred contractor is required to review all avenues for the employment of local labour, the use of local suppliers as well as apprenticeship opportunities for local residents, this will be discussed in detail once the preferred contractor has been appointed. The preferred contractor will be put in contact with the Hackney Works team and a KPI will be jointly monitored between EPT and Hackney Works team.

6.3 Sustainability

1. Procuring Green

All materials utilised wherever sourced for the delivery of capital works through this project will be required to fall in line with Hackney's Green Procurement Policy.

- Reducing, reusing and recycling, with particular reference to plastics
- Reducing CO2 emissions, by encouraging greener forms of transport
- Diverting from landfill and incineration as far as practically possible, green and brown waste skips will also be used and audited during this project.
- Using "whole life" costing where practicable, taking account of the cost of disposal and decommissioning
- Purchasing sustainable timber products, where available all timber will be FSC certified
- Minimising negative impact of Freight associated with the Council's procurement and contracting activities, make sure that construction supplies are ordered and collected/delivered together.

2. Procuring for a Better Society

Through this procurement route we will be encouraging the selected contractor to the 4 commitments below;

- Making payments on time to their suppliers
- Supporting local employment, by encouraging the contractor to look locally for labour
- The selected contractor will be encouraged to incorporate apprenticeships into their supply chain for the duration of the project.
- Encouraging local suppliers into the supply chain

3. Procuring Fair Delivery

We will also be asking the successful contractor to commit to the following;

- Compliance with the Modern Slavery Act.
- Commitment to the Council's Sustainable Procurement Strategy 2018-2022 and this will be included in the client requirements document and will form part of the contract, including preventing corruption, fraud, bribery and exploitation.
- The preferred contractor has already committed to their staff being paid rates at least equivalent to the London Living Wage. The Contract will include the following obligation:

"Hackney Council is a London Living Wage employer. The Council is working towards making Hackney a fair pay Borough where no one gets paid less than they can reasonably live on. The commitment means that everyone working for the Council, regardless of whether they are permanent employees, temporary staff, part-time staff, agency staff or apprentices over 18 years of age, receive a minimum salary of the London Living Wage".

The Council's KPI's will test the accuracy of the projected expenditure and planned programme, which will be monitored and reviewed at regular intervals.

In addition, stakeholders will be asked to evaluate how well the contractor is managing the works in respect of minimising disruption to the Children's Centre (e.g. dust, noise, any constraints on movement around the site, etc.), notwithstanding the school's right to raise any such issues as and when they occur, to ensure the contractor addresses them immediately. All reported issues will be logged, measuring all issues related to the works. The Contractor will be assessed against the number of issues arising.

In addition the contractor has committed to deliver a Traffic Management Plan to avoid disruption to the centre plus reduce the carbon impact in respect of transportation. As part of this plan they will set up controls and systems to monitor noise and vibration as well as additional environmental control

Compliance with the contract specification will be assessed through the formal handover and commissioning process, although the number of outstanding 'defects' would also constitute a KPI, as well as the rate at which these are resolved, benchmarked against an expected baseline provided by external Consultants.

The project will be subject to a BREEAM assessment with a target of 'Very Good' rating being targeted. The specification requirements include requirements for sustainability gains for heating and lighting.

Main KPI Targets Set	Monitoring
1.Completion of Works within budget	Contractor will provide monthly progress reports to LBH.
2.Completion of Works within agreed timescales	LBH's project manager will monitor progress of site works against the tender programme included in the NEC contract. Monthly reporting to LBH of exceptions.
3.Zero requests to stop work due to disruption to the school	Number of formal requests for works to stop due to noisy disruption to teaching.
4.Zero H&S incidents or near misses	Monthly reporting from Supplier A; oversight from Principal Designer.
5.London Living Wage	Written commitment from contractor

6.4 Consultations

All technical solutions to the Grade II Listed existing building have been agreed with the Borough's Conservation Officer, who has visited the site to make an informed assessment. This consultation has been managed by our lead consultant who has specified and will be overseeing the works on behalf of the Authority.

During the design process of this project, the Centre Manager and Head of Children's Centres have been continually consulted.

The scheme is nationally listed and all relevant statutory bodies relating to this have been consulted with.

The works will require, in some instances, access to the adjoining NHS property and the development of party wall agreements. These agreements will be finalised once the specification has been fully developed by the appointed Consultants.

In addition as the site/centre forms part of the Woodberry Down Estate an ongoing discussion has been taking place with Berkeley Homes and the relevant Hackney Project Lead.

The proposed contractor identified a number of key stakeholders and will ensure relevant communication is the provided to the group which will be consulted during the construction phase:

- LB Hackney project team / Playle & Partners
- Consultants
- Children’s Centre (Head, key staff, parent groups)
- Statutory Agencies including: Local Council and Local Authorities Utilities/Infrastructure/Highways Listed Building Consent
- Woodberry Down Estate/General Public
- John Scott Health Centre
- Finsbury Park Synagogue
- Local businesses
- Community & Residents Groups

6.5 Risk Assessment

The result of the Risk Assessment Tool was a score of 42 (Low Risk). **CHECK**

During the life of this project a live risk register will be maintained, this will be an open document that will be managed by the lead consultant but will have input from the Contractor, LBH Project Manager, Children’s Centre manager and the LBH finance lead.

Initial early risks have been identified and they are listed below:

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
Interruption of Children’s Centre service delivery	L	H	M	Design protection measures and proposed working arrangements will be set out in Contract Preliminaries to tenderers, ensuring that the Children’s Centre can continue to function alongside the works.
Scaffolding and temporary works negatively impact on delivery of public services	H	M	M	It is likely that scaffolding and other temporary works could impact on the operation of the Children’s Centre, with the only foreseeable mitigation being to shorten the period for which the scaffolding/ temporary works are in place by ensuring the Contractor adheres to the project programme of works.

				Children's Centres do not adhere to school holiday periods.
Impact of surrounding works to the wider estate refurbishment on the project	L	H	M	Remain in constant contact with Berkeley Homes, share project programmes and hold monthly catch up meetings
Further impact on costs and programme due to scarcity of materials	L	H	M	Regular programme and review milestones are shared with all required reviewers and other participants, inclusive of contingency within agreed timescales.
Impact of Covid-19 On project start date	H	M	M	Continue to monitor, ongoing government advice regarding construction work

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

I can confirm that the funding for this scheme is resourced from a combination of the London Borough of Hackney's centrally held funds, Basic Need and Section 106.

The S106 board and Cabinet have approved an overall development budget to date of **£4,000,000**.

In addition, there has been an increase by **£699,777** in the budget. This was approved through a virement process in Qtr1; all resource implications have been identified.

Therefore the total approved budget of **£4,699,777** is comparable to the estimated budget (**broken down below**) and is in line with the policy framework of the Authority.

The overall budget is broken down as follows:

- Construction - £4,450,000
- Design team fees - £200,000

There has been previous expenditure in prior years totalling £216,882.96, this was mostly Design Team fees and surveys.

Funding Bid	Scope	Total Approvals to date	Actual spend in Year 2019-20 and previous years	Approved Date	Status
LBH Discretionary Funding	Support redevelopment of existing Centre	£600,000	£100,000 Statutory/professional fees, site investigations & internal recharges..	Oct 2015	Approved
AMP funding (brought forward including CC AMP)	Maintain existing services	£310,210	£116,882.96 Statutory/professional fees, site investigations & internal recharges..	Oct 2015 (£100k) ; April 2019 and March 2020 (£210k)	Approved
Section 106 (S106) Contribution	Supports Community infrastructure provided by the facility	£1,270,688		Dec. 2019	Approved
CPRP bid/Sec 106	Enable the redevelopment of the existing Lilliput building	£1,819,102		19 October 2020	Approved
Qtr Virement	Support the additional requirement	£699,777		Qtr 1 2021	Approved
Total		£4,699,777			

Based on the availability of resources, and the necessity of the works required, I endorse the approval as a low risk business case, as indicated in the Risk Assessment Tool (RAT) completed for this project.

8. VAT Implications on Land & Property Transactions

N/A

9. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES

- 9.1 This matter was classified as Low Risk and the Business Case was approved by the Acting Chief Executive (Ian Williams) on 16th November 2020. Under the Mayor's Scheme of Delegation, in respect of Regeneration schemes, the selection of preferred option(s) is reserved to the Mayor and Cabinet and therefore Cabinet can approve the matters in this Contract Award Report.
- 9.2 The Council used the London Construction Programme Major Works 2019 Framework Agreement (Lot 2 - Education and Leisure) to select the contractor in this Contract Award Report. Regulation 33(5) of the Public Contracts

Regulations 2015 allows contracting authorities clearly identified for that purpose in the call for competition or the invitation to confirm interest to use a framework agreement as concluded by another contracting authority. The London Construction Programme Major Works 2019 Framework Agreement is available for use by all public sector bodies in Greater London and the Home Counties for projects valued from £1m - £20m and therefore the Council is permitted to award the works contract in this Report under such framework agreement.

10. COMMENTS OF THE CATEGORY LEAD PROCUREMENT

A business case was completed several years ago for this scheme as well as a risk assessment and PRIMAS. It was revisited in November 2020 as due to budget constraints this scheme was delayed.

The risk rating was considered to be low risk rating as it was a framework procurement with a good range of suppliers who were experienced in delivering education projects.

The procurement included sustainability as a core requirement including the approach to Breeam very good, London Living Wage, improvements to heating to improve the carbon ratings and social value including local labour.

The framework was procured under the LCP framework MW19 Lot 2 (Contract Notice for the Framework: 2019/s 033-073319).

APPENDICES

Appendix 1 - Winning Bidder

Exempt Appendix 2 - Tender report (Playle and Partners)

EXEMPT

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None)

None

Report Author	Daniel Hall (020 8356 5789) Capital Project Manager daniel.hall@hackney.gov.uk
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Comments for and on behalf of the Group Director of Finance and Corporate Resources	Ian Williams (020 8356 3003) Group Director of Finance & Corporate Resources ian.williams@hackney.gov.uk
Comments for and on behalf of the Director, Legal & Governance Services	Patrick Rodger, (020) 8356 6187 Senior Lawyer patrick.rodger@hackney.gov.uk
Comments of Procurement Category Lead	Candace Bloomfield Category Lead candace.bloomfield@hackney.gov.uk