

Exempt or confidential report

The following paragraph of [Part 4b Section 10 of the constitution](#) applies in respect of information given in **Appendix 1** and it is therefore exempt from publication. Members and officers are advised not to disclose the contents of Appendix 1:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information)

Committee: Cabinet

Date: 8 December 2014

Agenda item:

Wards: The school and recreation ground are located in Dundonald ward

Subject: Dundonald Primary School expansion – approval to award construction contract

Lead officer: Yvette Stanley

Lead member: Martin Whelton

Contact officer: Tom Procter

Reason for urgency: The Chair has approved the submission of this report as a matter of urgency as a timely decision is required to ensure statutory school places can be provided next year.

Recommendations:

- A. Agree to enter into a construction contract to carry out the main phase of the construction works to Dundonald Primary School and Recreation Ground to allow for the expansion of Dundonald Primary School as recommended in the confidential appendix.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The expansion of Dundonald Primary School has followed the required legal process to enable the council to implement the construction project. The council has undertaken the two-stage tender process for the main works and needs to implement the scheme to ensure the school can provide an extra form of entry in September 2015 and provide all other accommodation by August 2016.

Following the receipt of tenders the total cost of the scheme is estimated to be £180,000 below the approved budget. Therefore £180,000 can be vired from the scheme budget as part of the November 2014 Financial Monitoring Report presented to Cabinet on 19 January 2015.

2 DETAILS

- 2.1. The Dundonald Primary School scheme is to expand the school from 210 to 420 permanent places. As detailed in reports to Cabinet on 9 December 2013 the work involves providing a two storey school building and replacement pavilion on the existing recreation ground and reconfiguration of the recreation ground around the existing tennis courts, bowling green and pavilion. The implications of this were detailed in the reports to Cabinet on 9 December 2013.
- 2.2. The works have been split into two phases – the first phase of external works mainly in the recreation ground, prior to a second “main phase” comprising construction of the new school building incorporating the replacement pavilion. The split was for two key reasons. Firstly, it was felt that better value for money could be achieved for the first phase by being able to directly procure specialist external works contractors rather than main contractors who would then sub-contract it, and secondly it allowed the first phase works to commence more promptly. The first phase works were contracted in September 2014, and are forecast to be completed in February 2015. To meet the required timescales the second phase works should follow immediately after.
- 2.3. To select a suitable contractor to deliver the second main phase the Council undertook an OJEU restricted tender process. This involved a two-stage procurement process via the ProContract London tenders portal E-tendering system, which included advertising on the London Portal and the European Journal, selecting a short list through a pre-qualifying process, and then selecting the contractor on the basis of 100% price.
- 2.4. The pre-qualification questionnaire was assessed using the qualification criteria listed which took into account the economic and financial standing and the technical or professional ability of the potential bidder, This is in accordance with Regulations 23-26 of the Public Contracts Regulations 2006 (as amended). Financial standing was assessed using a pass/fail criteria and the qualitative criteria were scored using a maximum weighted mark of 375 points.
- 2.5. The Invitation to tender was the second stage of the procurement process. The award of the contract is determined on the basis of the lowest price tender as assessed by the Council upon the recommendation of the technical Quantity Surveyor.
- 2.6. Five tenderers were selected in the PQQ stage and invited to submit tenders. The tender documents were issued on 19 September 2014 for return on 6 November 2014. The detail of the tenders is in the confidential appendix.
- 2.7. When taking into account this contract recommended for approval and all other associated costs for this project, the estimated cost of the whole scheme is below the approved budget, with a contingency. The financial implications section confirms that a virement of £180,000 from the scheme can be implemented.

3 ALTERNATIVE OPTIONS

- 3.1. The merits of expanding Dundonald Primary School were considered by Cabinet on 9 December 2013.
- 3.2. With regard to procurement of the capital works, the use of a two stage tendering procedure under the IESE framework was considered but recent past experience in the utilisation of this framework suggested that a specific tender process for this scheme would provide better value for money, hence the agreement of the corporate procurement board to this approach as the most appropriate.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. The expansion of Dundonald Primary School has been the subject of considerable consultation including following the two-stage statutory consultation process for school expansion, which was approved by Cabinet on 9 December 2013.

5 TIMETABLE

- 5.1. The works are estimated to start on site on 2 March 2015, immediately following the phase 1 works, with a 77 week contract period.
- 5.2. Through adaptation of the existing school, at least one extra classroom will be available to the school by August 2015 to ensure 60 reception places can be offered for September 2015.
- 5.3. By Spring 2016 the new classroom and changing block should be fully completed, and in September 2016 the final phase of works should be completed, which is demolishing the existing pavilion and final external works.
- 5.4. Should this contract not be let by the end of December 2014 the timescale for all these steps will slip accordingly, and it will become increasingly challenging to provide the extra reception places at the school in September 2015.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. Capital

- 6.2. The table below shows the spend in 2012/13 and 2013/14 and the budget for 2014/15 to 2016/17, demonstrating the forecast expenditure on the basis of the contract award:

	2012/13 (actual spend)	2013/14 (actual spend)	2014/15	2015/16	2016/17	Total 2014/15 to 2016/2017	Total all years
	£	£	£	£	£	£	
Current Approved Capital Programme	64,755	199,681	788,000	4,218,860	1,117,000	6,123,860	6,388,296
Actual /Forecast Expenditure	64,755	199,681	788,000	4,038,860	1,117,000	5,943,860	6,208,296
Underspend to be vired				180,000			

- 5.6 Within the budget for this scheme is a Targeted Basic Need Grant of £1,860,340 and Project Support Funding of £150,000 from Central Government. If the scheme does not progress soon there is a danger that all or part of this funding may be lost.
- 5.7 The tender sum is below the approved budget and therefore £180,000 can be vired from the scheme budget as part of the November 2014 Financial Monitoring Report presented to Cabinet on 19 January 2015.

Revenue

- 6.3. The Minimum Revenue Provision (MRP) and interest on borrowing relating to this capital project has been accounted for in LB Merton's Medium Term Financial Strategy
- 6.4. The revenue impact to operate the larger school will be funded through the Dedicated Schools Grant, which increases on the basis of additional pupils, although there is a delay in receiving the funding for the additional pupils and it is not retrospective. This is the position whichever school is expanded.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The expansion of the school has required the Council to follow various statutory processes to amend restrictive covenants, significantly enlarge the school, obtain planning permission and appropriate land at Dundonald Recreation Ground. These processes have been properly followed and an attempt to Judicially Review the decisions and actions of the Council in a number of these areas was unsuccessful and dismissed by the Courts on the 12 September 2014
- 7.2 The value of the second phase exceeds the OJEU threshold for works and as such the Council has complied with the Public Contracts Regulations 2006 (as amended) in procuring a Contractor.
- 7.3 Under Contract Standing Orders 26.4 because of the value of the contract the decision to make the award is delegated to Cabinet.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. There are no specific implications in this report

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. There are no specific implications in this report

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 The Health and Safety arrangements on the school and recreational ground site during the construction phase has been subject to a detailed examination and monitoring to ensure that any risks to members of the public and school communities is minimised, including a formal construction logistics plan.
- 10.2 The legal risks associated with this project are outlined elsewhere.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

Appendix 1 Confidential appendix

12 BACKGROUND PAPERS

12.1 9 December 2013 Cabinet reports on Dundonald Primary School

12.2 Summary of the Dundonald Primary School expansion project including copies of the relevant Judicial judgements are published on the council's website <http://www.merton.gov.uk/dundonald.htm> Further reports on the process are available on <http://www.merton.gov.uk/dundonald-school-consultation.htm>

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