LONDON BOROUGH OF WALTHAM FOREST

Date:	16 April 2013
Title:	Variation to Pre-Construction Services Agreement for Newport Phase 3
Directorate:	Environment & Regeneration
Report of:	Strategic Projects & Commercial Manager
Contact:	Christopher Loy
Phone:	020 8496 3554
Email:	chris.loy@walthamforest.gov.uk
Action required:	For decision
Appendices	1. Approval for Award of PCSA 2. Revised Cost Schedule

1. SUMMARY

1.1. The report requests approval for extending the pre-construction services agreement for the 2013/14 phase of the works to expand Newport Primary School, so that works can proceed in accordance with the required timescale.

2. RECOMMENDATION

2.1. For Decision by Divisional Director

The Divisional Director Property and Major Projects is requested to approve a variation of £87,500 to the pre-construction services agreement with Mansell Construction Services Ltd for the 2013/14 phase of the capital programme scheme to expand Newport Primary School.

3. REASON FOR DECISION

3.1. Mansell have been asked to re-tender various sub-contract packages and this has delayed the execution of the works contract. The extension of the pre-construction services agreement will enable Mansell to continue to work on developing the scheme and minimise any delay to the project.

4. BACKGROUND

4.1. The procurement strategy for the 2013/14 primary schools capital programme was agreed by officers on advice set out in a report from the Council's technical advisers, NPS London Ltd. The report explained that four schemes, including Newport, were within the scope of a mini-competition carried out under the Norfolk County Council contractors' framework in February 2012 and therefore recommended that the 2013/14 phases of those schemes should be awarded to Mansell Construction Services Ltd.

4.2. The procurement route for these contracts is a two-stage process where a contractor is appointed at an early stage and begins work on developing the design under a pre-construction services agreement after which the contract price is determined on an open

book basis with the contractor tendering sub-contract packages. The Council enters into a pre-construction services agreement with the contractor for the design and development work. The main works contract is subsequently executed once the contractor has obtained sub-contract tenders to determine the contract price to the Council's satisfaction in accordance with a pre-determined process.

4.3. On 12 March 2013 the Major Works Programme Manager approved the award of a PCSA in the sum of £48,000. A copy of the approval is provided at Appendix 1. The sum of £48,000 was based on a cost schedule for work required up to the point where the works contract was expected to be executed.

4.4. Mansell tendered sub-contract packages and submitted a tender for the main works contract on 20 March 2013. However, they had failed to obtain competitive tenders for the majority of work packages. The Council was not satisfied that value for money had been secured and therefore required Mansell to re-tender various packages. Mansell have now done this and submitted a revised tender for the main contract, which is currently being evaluated. The revised process means that it is expected that the contract will not be awarded until 3 May 2013.

4.5. The Divisional Director, as a Level B officer, has authority to agree variations up to £250,000 subject to the agreement of the Director of Finance under Contract Procedure Rule 16.1. Under Contract Procedure Rule 16.1 variations require the approval of the Director of Finance where they exceed the lower of 10% of the original contract value or £75,000 (subject to a £10,000 de minimis). The Director of Finance has already given general approval for variations within the Schools Capital Programme

5. PROPOSAL

5.1. In order to avoid a delay to the project it is proposed that the pre-construction services agreement should be extended to reflect the revised scope of costs set out in Appendix 2.

6. OPTIONS

6.1. The Council could choose not to extend the pre-construction services agreement, but this would result in a delay to the project and increase the risk that classrooms required for September 2013 would not be ready on time.

7. Financial and Risk Implications

7.1. The original value of the pre-construction services agreement was £48,000. It is proposed that it should be increased by £87,500 to £135,500.

7.2. The provision in the capital programme for the 2013/14 phase of this project is £1.48m, which is to cover the main contract, into which the pre-construction services agreement will be subsumed, and other costs, such as professional fees. There is sufficient provision within that budget to meet the cost of the extended pre-construction services agreement.

7.3. There is a risk in awarding a pre-construction services agreement when the contractor has not yet submitted a tender for the works.

However, the risk is low because the value of the pre-construction services agreement will remain relatively low even if extended as proposed in this report.

8. **Legal Implications**

8.1. The procurement process and proposed award of contract conform with the Council's Contract Procedure Rules and public procurement rules.

9. **Human Resources Implications**

9.1. There are no human resources implications.

10. **Equalities Implications**

10.1. The project will improve the quality of the school environment and facilitate the provision of additional school places and thereby benefit children. Staff with disabilities will benefit from the provision of a new staff room built to current access standards.

11. **Sustainability Implications**

11.1. The 2013/14 phase of the works will have significant sustainability benefits. When the works are complete, more than half the toilets and washbasins in the existing building will be new with benefits in terms of reduced water usage. The works also include a small element of new build ($40m^2$) to create a new staff room, which will be built to current standards of environmental efficiency. The works to bring former classrooms back into use as classrooms will also have minor benefits in terms of improved energy efficiency.

Approval by Divisional Director Property and Major Projects

I agree the recommendations in this report

Signed ..... Date .....

Moira Bishop, Divisional Director Property and Major Projects