



Mayor and Cabinet

Report title: School Minor Works Programme 2024: approval to procure and budget allocation.

Date: 13 March 2024

Key decision: Yes

Class: Part 1

Ward(s) affected: Crofton Park, Brockley, Bellingham, Downham, Forest Hill, Sydenham and Telegraph Hill

Contributors: Acting Group Finance Manager, Director of Law, Governance and Elections, Procurement and Commercial Services Manager and SGM Capital Programme Delivery

Outline and recommendations

- Approve the procurement of contractors to deliver the School Minor Works Programme 2024 subject to the receipt of the School Condition Allocation (SCA) 2024/25
- Approve the award of the contract for Roof Package 1 to the preferred contractor for the provision of works as set out in section 5 provided the contract value is within authorised limits.
- Delegate authority to the Executive Director for Children & Young People (in consultation with the Director of Law and Corporate Governance and the Director of Director of Inclusive Regeneration) to select the preferred contractor and agree final form of contract for Roof Package 1.

Timeline of engagement and decision-making

School Condition Surveys carried out between September 2023 and January 2024

Projects shortlisted for School Minor Works Programme 2024 presented to SAB in February 2024

1. Summary

- 1.1. The purpose of this report is to seek approval to procure from Mayor and Cabinet for the capital works contracts to deliver the School Minor Works Programme (SMWP) 2024, which is a capital repair and replacement programme of works funded by the School Condition Allocation grant from the Government.
- 1.2. The report also seeks delegated authority for the Executive Director of Children and Young People to award the contract for Roof Package 1 an above threshold contract which forms part of the contracts required to deliver the School Minor Works Programme.

2. Recommendations:

- 2.1. Mayor and Cabinet are recommended to:
 - 2.1.1. Approve the procurement of contractors to deliver the School Minor Works Programme 2024 subject to the receipt of the School Condition Allocation (SCA) 2024/25 as set out in section 5.
 - 2.1.2. Approve the award of the contract for Roof Package 1 to the preferred contractor for the provision of works as set out in section 5 provided the contract value is within authorised limits set out in Part 2.
 - 2.1.3. Delegate authority to the Executive Director for Children & Young People (in consultation with the Director of Law and Corporate Governance and the Director of Director of Inclusive Regeneration) to select the preferred contractor and agree final form of contract for Roof Package 1 provided that it meets the requirements of the selection and award criteria published in the tender documentation.
- 2.2. Note the proposed use of the anticipated School Condition Allocation (SCA) 2024/25 funding to deliver the proposed programme of works for the School Minor Works Programme (SMWP) 2024, including Roof Package 1 and other below threshold contracts, as set out in section 5
- 2.3. Note the potential use of an additional contingency of £250,000 from the CYP Asset Management Fund, should this be required.

3. Policy Context

- 3.1. The Local Authority has a duty to ensure the provision of sufficient places for pupils of statutory age and, within financial constraints, accommodation that is both suitable and in good condition.
- 3.2. The proposal within this report is consistent with the Corporate Strategy 2022 - 2026, in particular the Corporate Priority of *'Giving children and young people the best start in life: Every child has access to an outstanding and inspiring education and is given the support they need to keep them safe, well and able to achieve their full potential'*.
- 3.3. As owner of the school buildings and the employer, the Council has a statutory duty under the Health & Safety at Work Act 1974 and associated approved codes of practice, to ensure that schools are fit for purpose and used by pupils and staff. Whilst schools are responsible for day-to-day maintenance of their buildings, any significant expenditure on capital schemes has to be funded by the Council.

4. Background

- 4.1. This programme is funded by the Education and Skills Funding Agency (ESFA) through the School Conditions Allocation (SCA). The SCA supports essential capital works in community schools to prevent disruption to the day-to-day running of schools, and ensure they are safe for the pupils, staff and visitors. These works usually take the form of roof and heating system replacement. Multi-Academy Trusts (MATs) and larger Voluntary Aided (VA) school bodies receive direct SCA to invest in priorities across the schools for which they are responsible. Smaller or stand-alone academy trusts, sixth form colleges and smaller or stand-alone VA school bodies are able to bid to the Condition Improvement Fund (CIF).
- 4.2. In order to determine where the SCA funding was most needed, the Council commissioned building condition surveys of 49 community schools. These schools were chosen based on the age of their buildings and advice from the Council's Estates Team, who are responsible for the maintenance of community school buildings.

5. School Minor Works Programme 2024

- 5.1. The primary source of information used to develop the School Minor Works Programme (SMWP) was the McBains School Condition Surveys which were completed in 2021. These surveys reported on the condition of community school buildings, and their mechanical and electrical services, highlighting works that were required over a 4-year period.
- 5.2. In order to determine the list of works that were due to be carried out as part of this year's School Minor Works Programme (SMWP 2024), the final prioritised report was used as a starting point. Further surveys were conducted by McBains in Autumn 2023 to ensure the already identified works were still required. Based on all the information gathered the following list of works has been shortlisted for the SMWP 2024.
- 5.3. Fabric works:

Package Description/Primary School	Description of works	Budget Estimate
Roof package 1: Fairlawn & Elfrida	Fairlawn: Roof replacement required to direct stormwater to external drains to alleviate pressure on below ground drainage. Further investigative works of	See Part 2

	<p>the drain network underneath the school will be carried out. Water saturation due to exposed structural elements has caused the concrete to deteriorate. This will require a concrete specialist repair to ensure structural stability. In addition, leaks into the plant room/storeroom will be addressed.</p> <p>Elfrida: Roof replacement due to severe leaks affecting all flat roof areas, dormer coverings will also be renewed. Demolition of Nursery Building, allowance to resurface for green space and refurbish an internal room which is currently out of use due to substantial roof leaks.</p>	Roof Package 1 Total: See Part 2
Kender	Repairs to below ground drainage identified during a recent survey.	See Part 2
St Bartholomew's	The 10-year-old modular classroom is facing issues with subsidence / settlement. Structural foundation works will be implemented as well as playground surface infilling works.	See Part 2
Adamsrill	Substantial leaks incoming into boiler room due to failed sump pump and possible failure of below ground drainage. Allowance for replacement of sump pump and CCTV drainage survey with provisional sum for remedial repairs.	See Part 2
New Woodlands (roof)	Repairs to roof to address leaks identified across various roofs.	See Part 2
Myatt Garden (drainage and wall cracking)	Drainage and wall cracking on site. Drainage survey to be commissioned. Resultant repair works will be implemented.	See Part 2
Ashmead	Damp and water pooling within the west elevation to be investigated. HVAC unit requires replacement Roof full deck replacement.	See Part 2
Fabric subtotal		See Part 2

5.4. M &E Works:

School	Description of works	Estimated cost of works
Stillness Junior School	Potential Boiler Repairs/Replacement. Work dependent on boiler condition and discussions with Sustainability Team on net zero ambitions	See Part 2
Stillness Infant School		
Baring Primary School		
Sydenham Secondary School		
Haseltine Primary School		

Dalmain Primary School	Required contribution towards Public Sector Decarbonisation Scheme (PSDS) works to replace the existing boiler with an Air Source Heat Pump (ASHP) The council will learn in spring 2024 whether the grant bid has been successful	See Part 2
M&E subtotal		See Part 2
Works Total	SMWP 2024 Works Total (M & E and Fabric)	See Part 2
Additional Costs	Fees and Contingency	See Part 2
Grand Total	Total SMWP 2024 Works & Additional Costs	See Part 2

- 5.5. The above works were selected based on the technical advice of McBains Ltd, issues highlighted by individual schools and the future plans of the Children and Young People Directorate for buildings in the community school estate. The criteria for prioritising works for the SMWP were issues that: required action with an estimated value of over £50k (considered to be beyond the means of schools to address on their own); presented a significant risk to the health and safety to children and staff; and would have a substantial impact on the operation of a school.
- 5.6. The SCA grant, which will be funding the SMWP as set out above in 5.3 and 5.4, has not yet been announced. It is anticipated that the Council will receive circa £3.9m based on previous years. The actual amount received, however, may be lower or higher than this figure. As a result, the list of projects may have to be adjusted if the grant differs significantly.
- 5.7. It is worth noting that not all projects will be funded by SCA this year. The works at St Bartholomew's will be funded by CYP's Asset Management Fund. The installation of the ASHP at Dalmain will be partly funded by PSDS as well as the SCA.
- 5.8. It is therefore recommended that Mayor and Cabinet delegate authority to the Executive Director for Children and Young People to finalise the programme of works to be delivered as part of the SMWP 2024, in line with the budget set out in 8.5.
- 5.9. **Procurement method for contractors to deliver the SMWP 2024.**
- 5.9.1. The construction works for the SMWP 2024 will be procured via a below threshold tender process where a minimum of 5 contractors will be invited to submit tenders. This is because the Council has neither the skills nor capacity to deliver such building works. Setting up the required infrastructure to enable this function does not represent good commercial or practical sense, given the nature and scale of works.
- 5.9.2. The Council will in-source other elements required to successfully undertake and maintain the works, including: project management, clienting, stakeholder management, and ongoing asset and latent defect management.
- 5.9.3. Officers will draw on the industry experience and knowledge of McBains Ltd (see section 6) to determine the most cost-effective way of packaging works for procurement. In past years, this has been done by packaging works of a similar nature together, up to a certain size, to achieve economies of scale, and reduce the risk of failure by ensuring they can be delivered by one contractor during the school summer holiday.
- 5.9.4. All works will be procured in line with the Council's policies and procedures via the London Tenders Portal. Frameworks, such as the London Construction Programme (LCP), have been considered but will not be used because of the uncompetitive prices and low number of responses that have been received in the past.
- 5.9.5. Tenders will be evaluated on a 45/55 % basis (price/quality). The Social Value weighting will be 10% in line with the Council's procurement policies. The exact

evaluation method will be developed with the advice of officers in the Council's Procurement team.

- 5.9.6. A separate report will be prepared seeking authority to appoint the winning bidders, in line with the Council's procurement rules and procedures. McBains Ltd will administer the contracts that are awarded and will be responsible for ensuring the works are carried out as required.
- 5.9.7. The decarbonisation work has been added in the table at 5.4 to provide detail of budget commitments. The exact procurement route has yet to be determined for this work and will be outlined in a separate report once decided.

6. Contract administration

- 6.1. McBains Ltd was appointed as the Council's term consultants to provide professional services for the SMWP from 2022 to 2025. Its responsibilities include developing designs and preparing contract specifications for the works, as well as overseeing works and issuing completion certificates. Its contract period commenced in February 2022 and will run for a period of 4 years, with the option to extend for a further year at the sole discretion of the Council.
- 6.2. The services provided by this contract are vital to the successful delivery of the programme, and include: surveying schools to understand the works required; advising on solutions to resolve identified issues; fulfilling Principal Designer responsibilities (see Glossary); designing and preparing specifications and other technical documents for the agreed solutions; preparing technical and design documents for tendering works; providing technical expertise to assist with evaluating tender returns; administering works contracts; overseeing works on site; and signing-off works upon completion.

7. Small Works Fund

- 7.1. The McBains Ltd surveys identified other urgent remedial works which fall short of the criteria required to be considered for the SMWP. This is because either the estimated cost of the remedial action was below £50,000, or the issue that was identified was considered not to have a significant impact on the operation of the school. The Council has shared these reports with schools to encourage them to address the issues and to assist with their Planned Preventative Maintenance.
- 7.2. Applications will be prioritised in order of risk to health and safety of school staff and pupils.

8. Budget allocation and Emergency Works Fund

- 8.1. Based on previous years, it is expected that the Council will receive circa £3.9m from Education and Skills Funding Agency (ESFA). The exact amount is expected to be announced in April 2024.
- 8.2. The proposed programme of works set out in this report is just as large and diverse as previous years. Therefore, it is recommended that the Mayor and Cabinet delegate authority to the Executive Director for Children and Young People to approve use of an additional contingency of £250,000 from the CYP Asset Management Fund if required. This additional funding will be used in the event that the proposed programme of works set out in this report exceeds the anticipated School Condition Allocations budget of £3.9m.
- 8.3. See corresponding part 2 report, section 8.3
- 8.4. See corresponding part 2 report, section 8.4 for details of the expected funding.
- 8.5. See corresponding part 2 report, section 8.5 for a description of the budgets that will be

funding SMWP 24

- 8.6. There has been an increase in uncertainty in the construction industry due to Brexit and COVID-19. This has resulted in ongoing price inflation and labour shortages which could prolong and increase the cost of works but officers believe the additional £250,000 noted at paragraph 8.2 provides sufficient extra contingency for the programme. Officers will nonetheless work with colleagues in Legal to ensure the contract terms for the works mitigate the associated risks as much as possible.

9. Financial implications

- 9.1. It is estimated that Lewisham Council will receive approximately £3.9m from the Department for Education (DfE) for the School Condition Allocation (SCA) in 2024/25. This funding is to help maintain and improve the condition of schools building and grounds. This is a capital grant and so the funding must be used for capital purposes, enhancing the long-term benefit of Council assets.
- 9.2. A full breakdown of the different funding streams and the anticipated programme cost is provided in the Part 2 report
- 9.3. The SCA grant has conditions attached that the council must adhere to. If these conditions are breached, then the council could potentially be required to pay some or all these funds back to the DfE. Grant returns are completed annually to show the council's compliance with these grant conditions.
- 9.4. There is a risk that additional budget may required for this project due to scenarios such as increased costs, additional works or time delays. Any increase in budget would need additional funding, but will need to be approved by Mayor & Cabinet. This risk will be mitigated as much as possible through effective budget monitoring.
- 9.5. Budget monitoring of the project will occur monthly, with progress being scrutinised at both the Regeneration & Capital Board (RCB), as well as in the Full Council's monthly budget monitoring reports.

10. Legal implications

- 10.1. **Approval to Procure**
- 10.2. The report seeks approval to procure external contractors to carry out works at various different schools. Given the potential spend on the contract for Roof Package 1 this would be categorised by Contract Procedure Rules as a "Category A" contract. All of the other contracts would be categorised as "Category B or C" contracts. The report sets out the other options considered and explains why this is the recommended option.
- 10.3. Assuming that Mayor and Cabinet accepts the recommendation to procure contractors for each package of works, the Contract Procedure Rules ("CPR") place requirements on how that should happen. The CPR require that when letting contracts steps must be taken to secure value for money through a combination of cost, quality and competition, and that competitive tenders or quotations must be sought depending on the size and nature of the contract (Rule 5). Provided that the Public Procurement Regulations 2015 ("Regulations") do not apply, officers can invite a minimum of 5 contractors to bid for works. By following this process the requirements of the Contract Procedure Rules would be satisfied. The Regulations do not apply to any of the contracts that are the subject of this report. In relation to the Roof Package 1 contract, as a Category A contract, it would be for Mayor and Cabinet to take a decision on the award of any contract. For the Category B and C contracts the Executive Director has

delegated authority to approve the awards.

10.4. Approval to Award the Roof Package 1 Contract

10.5. This report proposes that Mayor and Cabinet approve the award of a contract for Roof Package 1. This report further proposes that Mayor and Cabinet instruct the Executive Director for Children & Young People (in consultation with the Director of Law and Corporate Governance and the Director of Director of Inclusive Regeneration) to give effect to this decision by applying the selection and award criteria to determine and enter into contract with the preferred contractor.

10.6. The decision to award the contract contained in this report is a Key Decision under Article 16.2 of the Constitution as it has a potential value of more than £1.5 million. It is therefore required to be contained in the current Key Decision Plan and the Council's Key Decision procedure must be followed.

10.7. Provided that the final contract value is within authorised limits set out in the Part 2 report and the preferred service provider is selected in accordance with the selection criteria published in the tender documentation, then the selection by the Executive Director for Children & Young People of the preferred contractor in accordance with Mayor and Cabinet's direction will not be a Key Decision. For audit purposes a written record should be kept setting out how the selection process has been applied and the preferred service provider selected, and officers from Legal Services should be consulted as necessary throughout the selection and award process.

11. Risk Implications

11.1. Key risks and mitigating activities are contained in the table below:

Risk	Mitigation
Unforeseen issues inherent in refurbishment works	Consider using project contingency and assess impact on budget and programme. Highlight items within scope that can be included at a later date if project budget is likely to be exceeded.
Disruption to staff and students	Ensure most disruptive works are done outside of school hours and work with contractor and school to ensure works are not being carried out in around teaching areas while in use
Asbestos is found during works	Asbestos refurbishment and demolition surveys have been conducted for all schools. This has been shared with tendering contractors who must include remedial works in price and programme.
Delay to Dalmain programme	Liaising with Salix to establish whether delay to programme will have any impact on funding

12. Equalities implications

- 12.1. The services provided will benefit all pupils and staff in the schools. No individual person or group will be disadvantaged.

13. Climate change and environmental implications

- 13.1. The School Minor Works Programme will improve the energy efficiency of school buildings by upgrading boiler systems to more eco-friendly models, improving insulation and installing LED lighting. With advice from the Council's Sustainability Manager, officers will explore further options to support efforts to make Lewisham carbon neutral by 2030.
- 13.2. Officers will also actively work with the Council's Sustainability Manager to apply for further funding from initiatives, such as the Public Sector Decarbonisation Scheme (PSDS), to cover the additional cost of undertaking more energy efficient solutions in schools where boilers have been earmarked for replacement.
- 13.3. If the PSDS bid is successful, work will take place to replace gas boilers at Dalmain Primary School with an air source heat pump (ASHP). The Council will receive a grant that partially covers the amount over and above the cost of a like for like gas boiler replacement. The result of the funding application will be announced in early 2024.
- 13.4. In previous years the PSDS funding has funded the replacement of gas boilers with an air source heat pump and associated insulation improvement works at Dalmain, Downderry and Myatt Garden Primary Schools

14. Crime and disorder implications

- 14.1. There are no implications arising from this report.

15. Health and wellbeing implications

- 15.1. The School Minor Works Programme will help to improve the health and wellbeing of staff and children by creating a safer environment and better functioning facilities within school buildings.

16. Social Value Implications

- 16.1. The London Borough of Lewisham Social Value Policy for Procurement sets out the legal and strategic and policy context for social value and the approach the London Borough of Lewisham (LBL) will adopt to deliver social value through commissioning and procurement activities.
- 16.2. Social value refers to extra economic, social or environmental benefits that can be attached to a contract. It is about ensuring that for every pound the London Borough of Lewisham spends, as much value as possible is achieved for local people.
- 16.3. The Council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the Council to provide works or services within Lewisham pay their staff at a minimum rate equivalent to the LLW rate. The successful contractor will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the service specification and contract documents.
- 16.4. The successful contractor(s) will be expected to submit a Social Value Action Plan to demonstrate their commitment to Social Value through the delivery of the programme.

17. Background papers

- 17.1. None.

18. Glossary

18.1. Terms used in report:

Term	Definition
SCA	School Condition Allocation – a grant funded by the Education and Skills Funding Agency (ESFA)
SMWP	School Minor Works Programme
MEP	Mechanical, Electrical and Plumbing
Principal Designer	An organisation or individual who is appointed by the client to take the lead in planning, managing, monitoring and coordinating health and safety during the pre-construction phase (design and planning stage) of a project, as set out in the Construction Design and Management Regulations 2015
ASHP	Air Source Heat Pump. An air source heat pump transfers heat from the outside air to water. This in turn provides heat via radiators or underfloor heating. It can also heat water stored in a hot water cylinder.
RAAC	Reinforced Autoclaved Aerated Concrete. RAAC is a lightweight form of concrete used in roof, floor, cladding and wall construction in the UK from the mid-1950s to the mid-1980. It was used by some municipal architects primarily in public buildings including schools. It is less durable than traditional concrete and there have been problems as a result, which could have significant safety consequences.

19. Appendices

19.1. None

20. Report author and contact

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