


<b>Cabinet</b>	 <b>TOWER HAMLETS</b>
21 February 2024	
<b>Report of:</b> Paul Patterson – Corporate Director of Housing & Regeneration.	<b>Classification:</b> Part Exempt
<b>Beatrice Tate School Expansion - 41 Southern Grove, London E3 4PX: Approval to increase the project budget to enable the build contract to be awarded.</b>	

<b>Lead Member</b>	<b>Councillor Maium Talukdar - Deputy Mayor and Cabinet Member for Education, Youth and Lifelong Learning</b>
<b>Originating Officer(s)</b>	Nazim Rahman – Principal Project Manager - Capital Delivery Yasmin Ali – Head of Capital Delivery
<b>Wards affected</b>	Mile End
<b>Key Decision?</b>	Yes
<b>Reason for Key Decision</b>	Financial threshold
<b>Forward Plan Notice Published</b>	12 September 2023
<b>Exempt information</b>	<p>This report and/or its appendices include information that has been exempted from publication as the Monitoring Officer:</p> <ul style="list-style-type: none"> <li>• has deemed that the information meets the definition of a category of exempt information as set out in the Council's Access to Information Rules; and</li> <li>• has deemed that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</li> </ul> <p>The exempt information is contained in</p> <ul style="list-style-type: none"> <li>• Woodley Coles Tender Report - Appendix 1</li> </ul> <p>The exempt information falls into this category:</p> <ul style="list-style-type: none"> <li>• Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority handling the information)</li> </ul>

<b>Strategic Priority Outcome</b>	<b>Plan /</b>	<b>Strategic Plan 2022-2026</b> Strategic Priority 3 – Accelerating Education Strategic Priority 7 – Working towards a clean and green future.
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**Executive Summary**

1. The build out of a permanent extension to the Beatrice Tate school main building to provide an additional 48 - 60 places for profoundly disabled pupils was approved by Cabinet on the 23 September 2020 and included in the Capital Programme 2020-21 to 2022-23 with a budget allocation of £4,050,000.
2. In September 2022 Capital Delivery were instructed by Sustainability Team to complete a heating design review to meet the Council's Zero Carbon Policy which led to a design change requirement to facilitate the installation of Air Source Heat Pump Plant to reduce Council's use and reliance on fossil fuels and meet the national carbon reduction targets. The design variation required significant construction and design amendments including increasing the number of Air Source Heat Pumps to meet the schools power needs and account for site, buildability, noise pollution and planning constraints.
3. The estimated pre-tender costs consequently increased in 2022 to £4,903,000 to deliver the Council's Sustainability Team and Children Services client requirements.
4. Following evaluation of tenders in July 2023. The value of the lowest bid returned by Alexander James Limited is £5,503,122. It is recommended Cabinet note the proposed contract award sum exceeds the approved budget of £4,050,000 and procurement contract award threshold of £5,000,000.
5. Following the original Cabinet approval of £4.050,000 on the 23 September 2020, the total scheme cost has increased by £2,488,047 to meet the Council's Zero Carbon policy in the re-design to include Air Source Heat Pump and construction inflation costs. The cost to delivery expansion project has consequently risen to £6,498,000.

**6. Southern Grove Site**

- A modular building was installed in February 2021 at the adjacent Southern Grove site which provides additional school places to the existing Beatrice Tate SEND school.
- The Southern Grove site (earmarked for housing development under the Joint Venture Development Agreement, approved at May 2023 Cabinet) is intrinsically linked to this project as it has been agreed to use a portion of the site as a works compound for the contractor building out the permanent extension.

- Vacant possession will be needed by September 2025 to facilitate the proposed redevelopment of the Southern Grove site, to enable the housing development to commence to build circa 78 new homes.
- If this scheme is not delivered on time it will result in a delay to the housing programme and abortive costs to the existing expansion project.
- The attached site plan (Appendix 2) shows the location of the main school building, temporary accommodation and the Southern Grove Site.

### **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Approve an increase in budget from £4,050,000 to £6,498,047 from the Higher Needs Capital Provision Allocations (HNCPA) grant and Education funding sources as set out in the details of the report.
2. Approve the contract award to Alexander James Limited for the construction of the extension for the tendered contract sum of £5,503,122 as recommended by the Employers Agent and set out in the Commercial Price Evaluation Report (Appendix 1).
3. To Note the Equalities Impact Assessment as set out in Paragraph 5 of this report as appropriate.

## **1 REASONS FOR THE DECISIONS**

- 1.1 Cabinet approval is requested to increase the project budget to £6,498,047 to enable the contractor to be appointed based on the contract sum of £5,503,122.
- 1.2 Delaying the decision will result in further start on site delay, leading to disruption to school operations and inability to meet the completion date of March 2025. This will also have impact on delivering vacant possession of the Southern Grove site, resulting in preventing the housing development proposals progressing.
- 1.3 To note significant construction cost increases and design package expenditure in the intervening years following Cabinet approval of the Beatrice Tate Expansion project in September 2020 resulting from a rise in inflation, surge in energy prices, increases in materials, labour costs and essential revisions of the scheme design.

## **2 ALTERNATIVE OPTIONS**

- 2.1 There are no viable alternative options. Delay will increase costs to the Council, elongated the construction programme for the expansion project and delay the vacant possession of the Southern Grove site to enable housing delivery.

- 2.2 It is to be noted programme delay also restricts the Councils ability to provide adequate numbers of SEND pupil places in 2024.

### **3 DETAILS OF THE REPORT**

- 3.1 The scheme was approved by Cabinet on the 23 September 2020 and included in the Capital Programme 2020-21 to 2022-23 with a budget allocation of £4,050,000.
- 3.2 Tender returns were received from 2 bidders on 14 July 2023. The tenders were assessed on a Most Economically Advantageous Tender basis with a quality price ratio of 60%:40%.
- 3.3 The Employer's Agent, Woodley Coles, examined the Contract Sum Analysis, tender queries, and responses, and confirmed the revised tender price from Alexander James Ltd, compared with recently submitted tenders of comparable size and delivers best value for the council.
- 3.4 The construction cost for this project, based on the lowest tender price submitted of £5,503,122 is detailed further in the restricted Appendix 1, whereas the current approved budget is £4,050,000.
- 3.5 Therefore, Cabinet approval is required to increase the budget to £6,498,047 funded from HNPCA grant and other sources as detailed in the Education Funding Allocation Section 3.6 of the report.
- 3.6 As this is a Design and Build contract, the contractor will be bound by the fixed price sum for the tendered scope of works. The tender price submission was scrutinised and fully assessed by the Employers Agent (Woodley Coles) and recommendation provided (Appendix 1).
- 3.7 Any change to scope or potential cost variations will be managed via the capital governance process.
- 3.8 **Education Funding Allocation (Table 1)**

<b>Grant Contributions (Type)</b>	<b>Total (m)</b>
Basic Need	£ 86,000
S106	£ 1,994,000
Special Provision Capital Funding (SPCF)	£ 1,970,100
Higher Needs Provisional Capital Allocations (HNPCA)	£ 2,449,900
<b>Total</b>	<b>£6,500,000</b>

- 3.9 For the new contract proposed the Employers Requirements and works specified include:
- Three storeys building constructed over service yard and plant areas.

- Extension of existing building to provide seven additional classrooms.
- Extension of hall space with modification of cafeteria.
- Staff room extension.
- Enhanced boundary treatment and additional external storage and security improvements.
- Comprehensive architectural, structural/civil, M&E, sustainability improvements.
- All incoming mains services and drainage to be modified.
- Existing plant rooms require extensive modification and relocation of key plant.
- Sub-structure to be piles. Super-structure to be steel frame and concrete slabs.
- BREEAM “Excellent” is required.
- The construction scheme to comply with the requirements of the current Construction, Design and Management and Health and Safety regulations 2015.
- The construction programme is planned to commence in January 2024 completion date estimated January 2025.

#### **4 EQUALITIES IMPLICATIONS**

- 4.1 The expansion project will also contribute to meeting statutory equalities requirements that include.
- The Children and Families Act - Part 3 (2014)
  - The Equality Act (2010)
  - Special Educational Needs and Disability Code of Practice: 0-25 years (2015).
- 4.2 If the construction of the extension is delayed this will also impact the Councils capacity to meet the statutory requirement to provide pupil places for children that fall into the protected group as well as potentially increasing out of borough costs where adequate numbers of in borough places are unavailable.

#### **5 OTHER STATUTORY IMPLICATIONS**

- 5.1 The scheme also contributes to the London Borough of Tower Hamlets ‘Zero Carbon Policy’ enabling a reduction in the Councils use and reliance on fossil fuels and delivery against national carbon reduction targets.

## **6 COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 Of the £4.050m total budget approved by Cabinet, £762k has been spent to date (including prior years spend), resulting in £3.288m currently remaining within existing approved budgets not spent profiled across 2023/24 and 2024/25. Thus, approving the contract award will lead to a required project budget increase to meet the sums stated in Appendix 1 and in turn an increase to the overall existing approved General Fund capital programme. The requested budget increase can be fully funded from the council's unallocated High Needs Provision Capital Allocations (HNPCA) grant. This project will need to comply with the council's capital governance, including the submission of change note/updated PID to the next available capital delivery board, subsequent capital strategy board and if approved will be incorporated into the full capital programme within the next General Fund capital programme refresh.

## **7 COMMENTS OF LEGAL SERVICES**

- 7.1 The Council has the legal power to make the decision referred to in this report.
- 7.2 The Council is required to demonstrate Best Value in terms of economy efficiency and effectiveness in the delivery of its legal functions. The Council subjected this purchase to competition with award being based upon predetermined pre published evaluation criteria. Therefore, the award represents Best Value (being the price at the relevant quality level that the market would bear) albeit due to market conditions the proposed award value is greater than that which the Council had intended to pay.
- 7.3 This report includes a restricted Appendix 1. The details in the appendix relate to the specifics of the Alexander James Ltd's tendered contract price. The information is exempt information for the purposes of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. Release of this information prior to award could prejudice the contractor's commercial interests which could lead to legal action against the Council. Therefore, the public may be excluded as on balance the public interest in knowing the information is outweighed by the public interest in maintaining the exemption.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- None.

#### **Appendices**

- Appendix 1: CONFIDENTIAL – EXEMPT Woodley Coles LBTH - Beatrice Tate - Tender Report 230810

- Appendix 2: Site plan showing the location of the main school building, temporary accommodation and the proposed housing development at Southern Grove Site

**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

**Officer contact details for documents:**

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