

CABINET

21 DECEMBER 2010

GATEWAY 4 CONTRACT MANAGEMENT: BROMPTON ACADEMY ENVIRONMENTAL IMPROVEMENT WORKS

Portfolio Holder: Councillor Les Wicks, Children's Services
Report from: Rose Collinson, Director of Children and Adults
Author: Cathy Arnold, Capital Programme Manager

Summary

This report provides a review of the contract to undertake environmental improvement works at New Brompton College to enable it to open as Brompton Academy on 1 September 2010.

1. BUDGET AND POLICY FRAMEWORK

- 1.1 The project was tendered via the KCC Contractors' Framework and is being reported to Cabinet as it has been classified as high risk. The works were completed in September 2010 as programmed.

2. RELATED DECISIONS

- 2.1 The works were tendered following a low risk business case report to DMT in May 2010 in accordance with the procurement regulations in place at the time. The tenders were delayed due to the review of Academy and Building Schools for the Future programmes undertaken by the new government. The funding for the works was confirmed on 20 July 2010 and a contractor was approved on 23 July 2010. The timetable was achieved by issuing tender documents but advising the tenderers that we awaited confirmation of funding from DfE.

3. BACKGROUND/INTRODUCTION

- 3.1 This report outlines the contract management approach used for the project and any lessons learned. It acts a review of the project following completion of the works in September 2010. The project was to make improvements to the New Brompton College site prior to it reopening as Brompton Academy.

4. MANAGEMENT OF THE CONTRACT/ BENEFITS REALISATION

- 4.1 Following the approval of the procurement approach set out in the Gateway 1 report, the contract was let using the JCT Minor Works Building Contract with Contractor's Design 2005, Revision 2 2009 (including Preliminaries) to enable the project to progress quickly given the delays from the Department for Education (DfE). This form of contract passes the responsibility for design to the contractor, which gives a shortened pre-contract period.
- 4.2 The scope of works to be undertaken was agreed with the DfE to ensure that it met their requirements for grant funding for start-up academies, whilst also dealing with the needs of the Academy for them to be able to open on time with the correct improvements to support teaching and learning. These improvements centred on the Academy specialism, community areas, the main hall and access to the site. The alterations to the building will enable the Academy to work with children and young people to realise their potential and also help to support greater community access to the buildings until the new buildings are ready in 2013.
- 4.3 The initial grant funding allocated by the DfE (when it was Dept for Children, Schools and Families, DCSF) was £140,000. This was subject to review and the new government but was not reduced. In order to maximise the funding in relation to the needs of the Academy, the capital programme manager worked with the Principal of Brompton Academy and her colleagues to ensure all priority environmental improvements were funded as part of the project.
- 4.4 Through the capital monitoring process in September 2010, the Council agreed to add developer contribution funding to the budget to bring it up to £190,000 to enable critical works to support disability access and condition items, that are not funded by Academies Environmental Improvement Grants. The final scope of works was costed within the revised budget of prior to tendering.
- 4.5 The quantity surveyors reported throughout the project on a weekly basis as part of the site progress meetings and undertook financial monitoring. The weekly meetings were set up due to the tight timescales and the need to ensure the works were programmed to suit the decant and cleaning works commissioned by the Academy alongside the construction work. The meetings were chaired by MACE, who acted as project supervisor for the Council.
- 4.6 When tenders were returned only one contractor, Harper Construction Services, had provided a price due to the uncertainty with the funding stream. The price was within budget and the contractor approved via the KCC Contractors' Framework.
- 4.7 The final account has been agreed with the main contractor and has come in below budget. The remaining budget of is being retained to complete some science improvements agreed with the DfE, but final scope is yet to be finalised with the Academy. The entire grant will be reclaimed from DfE by the deadline, which is March 2011, once all the supporting documentation has been collated.

5. VARIATIONS REQUIRED DURING CONTRACT TERM

- 5.1 The works described in the contract documents have been delivered by the contractor to programme. There has been no variation in the overall contract.

6. PERFORMANCE AND CHANGE MANAGEMENT

- 6.1 The Council has not worked with this contractor before and we experienced issues with site management and the quality of finish, although the final project delivered the required improvements in the end. As a result of the issues on site, the project manager agreed a reduced contract payment with the contractor.
- 6.2 The contractor found delivering a contract within an operational school challenging and also failed to maintain the appropriate levels of site supervision and management. This resulted in some poor quality finishes in areas and the need to monitor their performance daily rather than weekly to ensure they could complete the works on programme and within budget. The school organisation team would be reluctant to work with this contractor again until satisfied that it has reviewed its management and quality procedures to make significant improvements to how it delivers projects.
- 6.3 The final account has been agreed with the main contractor and has come in below budget. The remaining budget of is being retained to complete some science improvements agreed with the DfE, but final scope is yet to be finalised with the Academy. The entire grant will be reclaimed from DfE by the deadline, which is March 2011, once all the supporting documentation has been collated.

7. LESSONS LEARNED

- 7.1 The project was extremely challenging to deliver within the timescales as the date for the Academy opening was fixed, but clearance to appoint a contractor was delayed. It was not an ideal way to deliver a project and was hampered by the approach to delivery from the contractor. It is difficult to see how the project could have been managed differently without having a much earlier release of the grant funding by the DfE.
- 7.2 The choice of contract form was suitable for the project and the frequency of meetings for programme and financial management was altered to reflect the need for much closer supervision.

8. NEXT STEPS

- 8.1 The contract is now completed. There will be an end of defects period inspection in 12 months time and then the final retention monies will be released to the contractor, subject to there being no defects outstanding at that stage. The retention amount will be charged to the 2010-2011 capital programme.

9. COMMENTS OF THE PORTFOLIO HOLDER FOR CHILDREN'S SERVICES

- 9.1 This report provides a review of the contract to undertake environmental improvement works at New Brompton College to enable it to open as Brompton Academy on 1 September 2010. The works are funded by a Department for Education environmental improvement grant, as part of the overall programme to develop a new academy at the Brompton Academy site.
- 9.2 Cabinet approved the Academy Programme at its meeting on 15 December 2009 (Cabinet decision 223/2009) and the Procurement Board receives periodic updates, the last of which was presented on 29 September 2010.

10. PROCUREMENT BOARD

- 10.1 The Procurement Board considered this report on 1 December 2010 and recommended it to Cabinet for consideration.

11. FINANCIAL, PROCUREMENT AND LEGAL COMMENTS

- 11.1 **Comments for the Chief Finance Officer or designated deputy:**
The project costs have been met from the 2010-2011 capital programme via Environmental Improvement Grant from the DfE and developer contributions.

- 11.2 **Comments from Head of Procurement or designated deputy:**
This review has shown the relative success of the project in securing the efficient and effective provision of the requirements of the project. Strategic procurement commends the pro-active steps taken by the Project Management team to achieve project delivery below the budgetary provision after having encountered project delivery issues with the contractor. The project team is advised to highlight the contract performance issues on the contract monitoring sheet due to be completed for onward transmission to KCC contractor framework manager.

- 11.3 **Comments of the Monitoring Officer or designated deputy:**
A delay in the provision of grant funding from the DfE resulted in a challenging project to deliver the completed works within a fixed period. Against this background it is pleasing to note that the final cost of the project has come in below budget and that the works have been delivered in accordance with the programme in the contract.

12. RECOMMENDATION

- 12.1 The Cabinet is asked to note the report.

13. SUGGESTED REASONS FOR DECISION(S)

- 13.1 The Council's contract rules set out that Cabinet consider those Gateway 4 Contract Management reports which have been classified as high risk.

Report Originating Officer: Cathy Arnold ☎ 01634 331046
Chief Finance Officer or deputy: Mick Hayward ☎ 01634 332220
Monitoring Officer or deputy: Julien Browne ☎ 01634 332154
Head of Procurement or deputy: Frederick Narmh ☎ 01634 331021

Background papers

The following documents have been relied upon in the preparation of this report:

Description of document	Location	Date
Gateway 1 report and risk assessment	W: drive	May 2010