



Democratic Services

Location: Phase II
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**To: COUNCILLOR MARTIN GODDARD
CABINET MEMBER FOR FINANCE**

**COUNCILLOR JONATHAN BIANCO
CABINET MEMBER FOR PROPERTY, HIGHWAYS
& TRANSPORT**

c.c. All Members of the Property, Highways &
Transport Select Committee
c.c. Richard Weston, Place Directorate
c.c. Perry Scott, Corporate Director of Place

Date: 18 August 2022

Non-Key Decision request

Form D

CAPITAL RELEASE REPORT July 2022

DEPARTMENT: Resident Services

SERVICE AREA / PROGRAMME: School Condition Building Programme Latent
Defect Works at Hermitage Primary School

RELEASE NO: 5

Dear Cabinet Members

Attached is a report requesting that a decision be made by you as an individual Cabinet Member. Democratic Services confirm that this is not a key decision, as such, the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 notice period does not apply.

You should take a decision **on or after Friday 26 August 2022** in order to meet Constitutional requirements about publication of decisions that are to be made. You may wish to discuss the report with the Corporate Director before it is made. Please indicate your decision on the duplicate memo supplied, and return it to me when you have made your decision. I will then arrange for the formal notice of decision to be published.

Anisha Teji
Democratic Services Officer

Title of Report: School Condition Building Programme Latent Defect Works at Hermitage Primary School RELEASE NO: 5

Decision made:

Reasons for your decision: (e.g. as stated in report)

Alternatives considered and rejected: (e.g. as stated in report)

Signed Date.....
Cabinet Member for Finance / Cabinet Member for Property, Highways & Transport

CAPITAL RELEASE REPORT July 2022

DEPARTMENT: Resident Services

SERVICE AREA / PROGRAMME: School Condition Building Programme Latent Defect Works at Hermitage Primary School

RELEASE NO: 5

Cabinet Members	Councillor Martin Goddard Councillor Jonathan Bianco
Cabinet Portfolios	Cabinet Member for Finance Cabinet Member for Property, Highways & Transport
Officer Contact	Richard Weston, Place Directorate
Papers with report	Appendix A with capital release requests for approval Contractors to rectify the works

HEADLINES

Summary	To seek Cabinet Member approval for the release of capital funds.
Putting our Residents First	This report supports the Council objective of strong financial management.
Financial Cost	This report seeks the release of £175k from the 2022/23 School Conditions Building Programme budget for the latent defect works at Hermitage Academy School. The works will commence upon release of the funds and are due for completion by October 2022.
Relevant Select Committee	Property, Highways & Transport Select Committee
Ward(s) affected	Uxbridge

RECOMMENDATIONS

That the Cabinet Member for Finance and the Cabinet Member for Property, Highways & Transport agree to the following capital release request of £175k from the School Conditions Building Programme 2022/23 - 2026/27 five year budget for latent defect works at Hermitage Academy School (Appendix A).

Reasons for recommendation

Failure to address the latent defect issues within the school will lead to further damage to the schools' buildings if left unaddressed and the fabric of the school will not meet mandatory and statutory health and safety requirements.

Alternative options considered

No alternative has been considered as these works are required to maintain the buildings.

Select Committee comments

None at this stage.

SUPPORTING INFORMATION

Background

There were multiple contractors procured to carry out the expansion works across the 19 schools, one of which was Lakehouse Contracts. Following the sale of Lakehouse Contracts to Mapps Group it was renamed Sureserve PLC which has subsequently gone into administration.

Sureserve PLC (Lakehouse) worked on the expansion at Cherry Lane School, West Drayton Academy and the rebuild and expansion of Hermitage Primary School. There have been several latent defects with the construction works identified, some of which, the contractor had committed to rectifying prior to going into administration.

The Council is no longer able to get the defects rectified through the original contractor, so these works are to be funded from the School Condition Building Programme budget. Officers have successfully carried out the latent defects at Cherry Lane.

Upon opening the works at Hermitage, additional works are required to remedy the latent defects which could not be identified at first inspection. These works will take place primarily during the summer holidays to minimise disruption and are mainly; due to be completed before the new term commences in September. The remedial works include electrical, roofing and ventilation.

It has been extremely difficult tender for specialist contractors to price the works because of the commercial liability issues of working on building systems that have been identified as faulty or incomplete and therefore the costs and responsibilities cannot be quantified accurately.

Costs

This report seeks the release of £175k in capital funds from the School Condition Programme budget as shown in the table 1 below.

Table 1: Cost Plan

School	Description	Seeking Release (£)
Hermitage	Building Management System	20,000
	Mechanical systems and boilers remedial works including roof plant room and rainwater recycling	15,500
	Kitchen ventilation and ductwork fire safety – remedial works	2,300
	Folding walls remedial works	5,100
	Roof remedial works	60,000
	Electrical remedial works	40,600
	Electrical consultants	3,400
Internal Fees		13,221
Contingency		14,690
Total		£174,811

Financial Implications

Schools Conditions Building Programme 2022/23-2026/27 Budget £19,229k; Devolved to Schools £14k; Previously Released £2,222k; Capital Release Requested £175k – Appendix A

The 2022/23 to 2026/27 five year revised programme budget for the Schools Conditions Building Programme totals £19,229k, including £383k rephasing from the 2021/22 budget. This is funded from Schools Conditions Allocation (SCA) capital grant and agreed school contributions in line with Council's policy. The total revised budget includes £14k that is devolved to schools.

The report requests the capital release of £175k from the Schools Conditions Building Programme budget for latent defect works at Hermitage School. The cost plan for the school is based on quotations and includes internal capital programme team fees and contingency at 9% and 10% respectively.

The schools contribution policy is deemed not applicable in this situation as the works relate to latent defects arising from the previous expansion at this school and this would normally be rectified by the contractor at no cost to the Council. However, in this case the contractor has gone into liquidation and this is no longer possible.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon residents, service users and communities?

To provide the residents with a school building that is safe and operational.

Consultation carried out or required

None required.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate finance concurs with the financial implications above, noting that the latent defects on previous primary school expansions are unable to be recovered from the original contractor and will be funded from the Schools Conditions Building Programme, financed by School Conditions Allocation capital grant.

Legal

The Borough Solicitor confirms that the Council is responsible for carrying out this function pursuant to Section 16 of the Education Act 1996.

Thus, there are no legal impediments to the capital release being authorised, although any contract that is entered into must comply with the Council's Procurement and Contract Standing Orders.

Infrastructure / Asset Management

Infrastructure / Asset Management authored this report

Capital Release Protocol

The release of all capital funds, and certain revenue funds, held by the Council is to be made by a formal democratic decision. No expenditure can be placed or committed by officers until this formal approval is given by Democratic Services. Release of funds must be for identified projects only and strictly not for the general release of funds for projects to be identified at a later date. No block releases of capital or funding will be allowed, except if authorised by the Leader of the Council in advance to Corporate Finance. The release of funds will only be made if previous Council, Cabinet or Cabinet Member agreement has been given to the project and only if there is an approved budget.

BACKGROUND PAPERS

NIL

APPENDIX A

Schools Conditions Programme 2022/23 - 2026/27 - Schools Latent Defect Works - Release No 5.

Location	Project / Expenditure Title	Information	Funds Release Sought £000's	Approve	Hold	More Information Required
Hermitage Academy School	Latent Defect Works		175			
Total seeking release			175			
Previously released			2,222			
Devolved to Schools			14			
Budget			19,229			
Remaining budget			16,818			

Contractors to rectify the works

There are difficulties in procuring specialist contractors for this work. Requirements to share provision with the Academy mean that that permission for exceptions to the procurement rules is needed to employ the following to do the defect work:

TREND BIM System	Powell Engineering	TREND authorised. The original installer of the Phase One Trend system and designer. Use this provider to maintain guarantees and warranties on the system.
Fire detection and sprinklers	Bridge Fire Systems	Existing provider selected by the school to maintain all fire systems. LBH measured term contractor for fire detection systems.
Paving	O'Hara's	LBH measured term contractor
Drainage	CRR Ltd	LBH measured term contractor
Roofing	John McGuinness Roofing	LBH measured term contractor
Folding walls	Pro-servicing Ltd	Existing provider selected by the school to maintain all folding wall systems. Authorised installer and maintainer in compliance with fire regulations, also authorised supplier for manufacturer of the doors.
Electrical testing and remedial works	MEM Electrical Ltd	LBH MTC PFL have declined all previous requests for remedial works. MEM was appointed by the school for cyclical testing. They are sensibly the only company that can complete the remedial works. Companies are declining to quote for remedial works because of the

		professional liability issues, involved in taking responsibility of an unknown system that is not safe.
Ventilation	HMAV Ltd	The only company that would quote for the remedial works and an existing LBH contractor
Gates and fencing	Drayton Fencing	LBH Contractor
Mechanical systems	KDH	Existing provider selected by the school to maintain all mechanical systems. Authorised installer and maintainer in compliance with gas regulations.