

For General Release

<b>REPORT TO:</b>	<b>CABINET MEMBER FOR CHILDREN, FAMILIES &amp; LEARNING IN CONSULTATION WITH THE CABINET MEMBER FOR FINANCE AND TREASURY</b> <b>29 SEPTEMBER 2014</b>
<b>AGENDA ITEM:</b>	not applicable
<b>SUBJECT:</b>	<b>PRE-CONSTRUCTION DESIGN SERVICES FOR THE PROVISION OF AN EXTENSION TO ST JOSEPH'S CATHOLIC PRIMARY SCHOOL</b>
<b>LEAD OFFICER:</b>	<b>PAUL GREENHALGH, EXECUTIVE DIRECTOR CHILDREN, FAMILIES &amp; LEARNING</b> <i>And;</i> <b>JO NEGRINI, EXECUTIVE DIRECTOR OF DEVELOPMENT AND ENVIRONMENT</b>
<b>CABINET MEMBER:</b>	<b>Cllr Simon Hall, Cabinet Member for Finance and Treasury</b> <i>And:</i> <b>Cllr Alisa Flemming, Cabinet Member for Children, Families and Learners</b>
<b>WARDS:</b>	<b>Upper Norwood</b>

**CORPORATE PRIORITY/POLICY CONTEXT:**

The recommendations within this report address the Council's Corporate Plan Priority C to Protect Resident Priorities

The delivery of this project is critical in ensuring the Authority is able to meet its statutory requirement to provide pupil places to meet increasing demand and will support the Authority in meeting the Policy Objectives of:

- Achieving better outcomes for children and young people
- Promoting economic growth and prosperity

**FINANCIAL IMPACT**

This report recommends commitment to a maximum Contract Award as set out in Part B of this report, from the £4.7m budget allocation, part of the Targeted Basic Needs programme.

**FORWARD PLAN KEY DECISION REFERENCE NO.:** This is not a key decision

The Leader of the Council has delegated to the Cabinet Member for Children,

Families & Learning in consultation with the Cabinet Member for Finance and Treasury the authority to make the decisions set out in the recommendations below.

## **1. RECOMMENDATIONS**

That the Cabinet Member for Children, Families & Learning , in consultation with the Cabinet Member for Finance and Treasury is recommended to:

- 1.1 Approve the award of a Pre-Contract Services Agreement (PCSA) in the total amount detailed in the associated Part B report and on the terms detailed within the body of this report, to Willmott Dixon Construction Limited, appointed through the Scape Framework, to provide detailed design services and carry out relevant surveys ahead of entering into a Design and Build construction contract.

## **2. EXECUTIVE SUMMARY**

- 2.1 This report recommends the award of a Pre-Contract Services Agreement (PCSA) to facilitate expansion works to St Joseph's Roman Catholic Infant and Junior schools, to increase admissions by one Form of Entry (1FE)
- 2.2 The Capital Delivery Hub (CDH) has a remit to deliver the Schools Expansion Programme to increase the school places capacity on behalf of the Department for Children, Families and Learners (CFL).
- 2.3 This project will provide new teaching spaces accommodating 210 additional children and will deliver improvements to the existing school.
- 2.4 These works are part of the Targeted Basic Needs programme, with an allocated budget of £4.725m. The delivery of this project is critical in ensuring the Authority is able to meet its statutory requirement to provide pupil places to meet increasing demand in the north of the Borough.

## **3. PROCUREMENT APPROACH**

- 3.1 The original procurement strategy for this scheme was to source a pre-built modular construction solution through one of the modular frameworks. After extensive site investigation, it was established that this method of construction would not be feasible due to specific site conditions.
- 3.2 As a result the procurement strategy was amended to undertake a two stage design and build process and appoint Willmott Dixon Construction Limited through the Scape Framework to provide detailed design services and carry out relevant surveys ahead of entering into a Design and Build construction contract. A two-stage design and build contract will give the Council the flexibility to initiate design and site investigation through a Gateway Review process, before committing to the full construction contract. Approval for this

approach was agreed at the Contracts and Commissioning Board meeting on 14th August 2014 (minute ref CCB0913/14-15).

- 3.2 The Scape Framework is an OJEU compliant single-supplier framework where main contractor overheads, preliminaries and profit are fixed through the initial competitive tender process. It has been successfully used for the procurement of part of the 2013 schools expansion programme and is delivering comparable costs to other procurement routes.
- 3.3 As part of this two-stage tender process the PCSA will enable the Council to employ the contractor before the main construction contract commences in order to:
- Appoint the design team and contribute to the design
  - Advise on buildability, sequencing, and construction risk
  - Advise on the packaging of the works
  - Help develop the cost plan and construction programme in collaboration with the Capital Delivery Hub and stakeholders
  - Help develop the method of construction and advise on specialist systems
  - Obtain prices for work packages from sub-contractors or suppliers on an 'open-book' basis
  - Prepare and agree the site layout plan for the construction stage showing how the existing school might be affected
  - Draft the preliminaries for specialist and trade contractor bid documents
  - Assist with the Planning Application on matters concerning the build phase
  - Commission all remaining surveys and transport assessments required before construction begins
- 3.4 The PCSA defines the services that are required of the contractor during the pre-construction phase, including those set out in the bullet points in 3.3 above, with early involvement informing site logistics and cost-certainty, as well as creating an integrated project team. This approach supports stakeholder engagement and helps to build strong relationships ahead of the construction phase
- 3.5 There is no commitment by the Council to undertake the construction at this point, and the Council has the opportunity to split the completed design work from the construction contract and procure the works through an alternative route if this is considered necessary to better support the Council's objectives and requirements.
- 3.6 To ensure an auditable trail, the opportunity was published on the London Tenders Portal and Willmott Dixon were invited to submit their fee proposal based on the framework rates, as well as providing other documents, such as proof of insurances, which are additional requirements of the Council.
- 3.7 The tender documentation was published, and notification sent to the framework supplier, on 7<sup>th</sup> August 2014 via the Tenders Portal with a response deadline of 26<sup>th</sup> August 2014.

3.8 Given the busy time of year for the construction industry the contractor was unable to provide all the necessary information within the tender timescale, and a response was not received until 5<sup>th</sup> September. As there is only one framework provider it is considered that this response delay did not result in an unfair advantage nor should it result in their disqualification for provision of the services.

#### **4. CONSULTATION**

4.1 The consultation on the proposal to expand the schools took place from 10 February to 10 March 2014. Two public consultation meetings were held at this School. Just over a half of respondents were 'strongly in favour' or 'in favour' of the proposed expansion. A further consultation exercise will take place ahead of entering into the construction contract and in light of the additional information provided by the PCSA.

4.2 The preliminary design solution and feasibility as proposed within the Curl la Tourelle Architects Stage 'C' report demonstrates that a 1FE expansion can be delivered within the existing school boundary and still provide enough external play space for new and existing pupils.

4.3 Under the PCSA the contractor will be required to address traffic and parking concerns by completing a comprehensive Transport Impact Assessment for review by the Authority's Highways Engineer ahead of the submission of the Planning Application.

#### **5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

##### **5.1 Revenue and Capital Consequences of Report Recommendations**

Please refer to Part B of the report.

##### **2 The effect of the decision**

This report recommends commitment to a PCSA to allow the detailed design and site investigations to commence. Timely development of design, construction and site logistics solutions are essential to securing an effective construction contract to deliver the project objectives with minimum disruption to the existing school and to avoid program delays and cost escalation.

##### **3 Risks**

The project is proceeding to a tight programme with an obligation to draw down Targeted Basic Needs funding and deliver facilities for the new academic year intake by September 2015.

In order to keep to this programme a Cabinet Member decision to award a PCSA is required by no later than 29 September 2014.

Entering into a two-stage Design and Build Construction contract transfers the majority of risks to the contractor however a number of residual risks remain with the Council.

Key project risks as follows:

- Adverse site topography and access – these issues are to be fully investigated by the contractor once appointed
- Services capacity and installation of a new electricity substation which relies on a 3<sup>rd</sup> Party Utility Company (UK Power Networks) – early engagement to minimise delays and prevent bottlenecks.

To mitigate cost risk during the pre-contract phase, payments against the PCSA are staged on an earned value basis with the following procedures agreed:

- Properly evidenced fee applications
- Payments only made against surveys once reports received and approved
- Documentary evidence to support management payments
- Preconstruction programme negotiated and agreed as part of the contract

By appointing the contractor at an early stage there will opportunities for identifying cost benefits to be realised during the construction phase.

#### **4 Options**

An alternative approach would be to commission detailed design, technical services and remaining site investigations through the consultancy market and then subsequently tender and enter into a single –stage Construction Contract.

This approach is not recommended for the following reasons:

- Extra resourcing would be required
- Unlikely to be deliverable within the required timeframe
- The Council would retain risk associated with any design flaws or inadequate site surveys

#### **5 Future savings/efficiencies**

By approving the PCSA the completion of the school expansion will enable the Authority to meet its statutory obligation to deliver necessary accommodation for the increasing demand for primary school places within the 2015/16 academic year and beyond.

Approved by: Dianne Ellender, Head of Finance and Deputy Section 151 Officer

### **6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 6.1 The Solicitor to the Council comments that the procurement process as detailed in this report meets the requirements of the Council's Tenders and Contracts Regulations and its statutory duty to secure best value under the Local Government Act 1999.

Approved by: Gabriel Macgregor, Head of Corporate Law on behalf of the Council Solicitor and Monitoring Officer

## **7. HUMAN RESOURCES IMPACT**

7.1 There are no Human Resources considerations arising from this report.

Approved by: Deborah Caliste on behalf of the Director of Human Resources

## **8. EQUALITIES IMPACT**

8.1 An Equalities Impact Assessment (EIA) has been undertaken for the development of the Strategy Report for the school's expansion. Further EIA will be undertaken at appropriate stages in the development of the design proposals.

## **9. ENVIRONMENTAL IMPACT**

9.1 There are no environmental impacts from the award of the PCSA itself ahead of the construction contract.

9.2 The proposals for the new building will achieve the highest standards possible within the site constraints and will be designed in sympathy with the local surroundings including the Ancient Natural Woodland which forms part of the school site. Additionally, the intention is to reduce energy use and associated carbon dioxide emissions by introducing low-impact building materials such as Cross-Laminated Timber.

9.3 The Council will work with the school to monitor the post occupancy energy performance of the new buildings. This is to ensure that the low energy designs perform as expected and to capture any lessons learned for future projects.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no immediate Crime and Disorder consequences of this proposal.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

11.1 The Scape Framework is an OJEU compliant framework where main contractor, design fees, overheads and profit rates are fixed through the initial competitive tender process.

11.2 The contractor has tendered costs for the services based on quotes from their proposed consultants and designers. These costs have been reviewed and agreed by the Council's cost consultant to ensure compliance with the Scape Framework's fee rates and to ensure transparency.

11.3 This proposed method of procurement has been successfully used for a number of other projects within the 2013-14 school expansion programme.

## **12. OPTIONS CONSIDERED AND REJECTED**

- 12.1 Procure construction contract through modular framework, to procure an 'off the peg' building system.

This would not give the Authority the flexibility to specify the sort of bespoke design needed for this sort of site.

- 12.2 Commission technical design and surveys through separate consultants.

This would expose the Authority to unnecessary contractual risk, should there be any faults in the surveys carried out or flaws in the design.

- 12.3 Competitive tender through the wider construction market.

This may potentially involve an OJEU tendering exercise which would cause delay and incur increased legal fees.

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There are no background documents