

For General Release

<b>REPORT TO:</b>	<b>Cabinet Member for Children, Families &amp; Learners</b>
<b>AGENDA ITEM:</b>	<b>Background document to item 14 Cabinet 15.12.14</b>
<b>SUBJECT:</b>	Variation Report to Enable Detailed Design for the 2015 Education Expansion Programme
<b>LEAD OFFICER:</b>	Paul Greenhalgh, Executive Director Children, Families & Learning <i>And;</i> Jo Negrini, Executive Director of Development and Environment
<b>CABINET MEMBER:</b>	Cllr Simon Hall, Cabinet Member for Finance and Performance Management <i>And:</i> Cllr Alisa Flemming, Cabinet Member for Children, Families and Learners
<b>WARDS:</b>	Broad Green, Ashburton, Addiscombe, Selhurst, West Thornton, Fairfield
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> The recommendations within this report address the Council's Corporate Plan Priority C to Protect Resident Priorities	

**AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:**

The delivery of these projects 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 variations as set out in Part B of this report, from the overall approved budget allocations for the entire Education Expansion Programme Strategy. The individual projects are set out below:

Beckmead at Tennison Road

Chestnut Primary School at Westways  
West Thornton Academy at Canterbury Mills  
Heathfield Academy at Aberdeen Road  
Ark Oval Academy Primary School

**FORWARD PLAN KEY DECISION REFERENCE NO.: 25/24/CFL**

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the 5th working day after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

**1. RECOMMENDATIONS**

The Leader of the Council has delegated to the Cabinet Member for Children, Families & Learners, in consultation with the Cabinet Member for Finance and Treasury the authority to make the decisions set out in the recommendations below.

The Cabinet Member for Children, Families & Learning, in consultation with the Cabinet Member for Finance and Treasury and for the reasons detailed below is recommended to:

- 1.1 Approve variations to the Pre-Contract Services Agreement (PCSA) on the terms detailed in the associated Part B report to Leadbitter Group for the Batch 1 School Expansion projects and,
- 1.2 Approve variations to the Pre-Contract Services Agreement (PCSA) on the terms detailed in the associated Part B report to Mace Construction Ltd for the Batch 2 School Expansion projects.

**2. EXECUTIVE SUMMARY**

- 2.1 This report recommends variations to Pre-Contract Services Agreements (PCSA) for Batch 1 and Batch 2 Schools Expansion projects (the Projects), to facilitate the completion of all relevant surveys and detailed design work under Stage 1 of the Design and Build contracts awarded in respect of these Projects. These elements could not have been priced at the point of the original tender and therefore were not asked of Contractors in their original tender submissions. A cost variation for each of the Projects will allow the appointed Contractor's project design teams to complete designs and develop the named Projects under Stage 1. On completion of Stage 1 of the Design and Build, contracts are awarded on Stage 2 for the construction works to be undertaken.

The original capital funding for this Education Expansion Programme Strategy was agreed at the Cabinet meeting on 18 November 2013 (minute reference: A100/13).

**3. DETAIL**

## PROCUREMENT APPROACH

- 3.1 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). The programme has been driven by external funding from the Education Funding Agency (EFA). The delivery of these projects is critical in ensuring the Authority is able to meet its statutory requirement to provide pupil places to meet increasing demand in the Borough
- 3.2 The 2015 Education Expansion Programme has been divided into two Batches within the iESE Framework mini competition to ensure that no single contractor could be awarded all of the projects. The batching arrangements were:

<b>Batch 1</b>	
<ul style="list-style-type: none"> <li>• Beckmead at Tennison Road</li> <li>• Chestnut Primary School at Westways</li> </ul>	Batch awarded to Leadbitter Group
<b>Batch 2</b>	
<ul style="list-style-type: none"> <li>• West Thornton Academy at Canterbury Mills</li> <li>• Heathfield Academy at Aberdeen Road</li> <li>• Ark Oval Academy Primary School</li> </ul>	Batch awarded to Mace Limited.

- 3.3 The iESE Framework is an OJEU compliant contractor framework where main overheads, preliminaries and profit are fixed through the initial competitive stage 1 Design and Build tender process. It has been successfully used for the procurement of part of the 2013/2014 programmes and is delivering competitive costs to other two stage Design and Build procurement projects.
- 3.4 Two-stage design and build contracts give the Council the flexibility to initiate design and site investigation during Stage 1, before committing to the full construction contract under Stage 2. Two-stage design and build provides that the same contractor procured at Stage 1, progresses to Stage 2 subject to satisfactory design, proposals and value for money evaluation at the end of Stage 1. There is a provision to break between Stages 1 and Stage 2 and award the building work to other contractor(s) without penalty if work proposals are not acceptable.
- 3.5 The original Design and Build Invitation to Tender (ITT) for the five school projects were issued under the two batches via the Council's tendering portal on 23rd December 2013 with a response deadline of 20th January 2014. LBC invited all Framework suppliers to tender and three were shortlisted. Following evaluation PCSA contracts were awarded to Leadbitter Group and Mace Ltd as detailed above in para. 3.2.
- 3.6 The IESE Pre Construction Services Agreement (PCSA) defines the services that are required of the contractor during the pre-construction phase, with early involvement informing site logistics, as well as creating an integrated project team. This approach supports stakeholder engagement and helps to build

strong relationships ahead of the construction phase whilst also gaining the benefit of contractor construction knowledge and construction experience.

- 3.5 PCSA figures are based on the construction budgets which have all increased since the programme's inception and contractor appointment.
- 3.6 Originally the contractors were unable to fully cost for the PCSA detailed design under Stage 1 as there were project uncertainties to be finalised. Work has now been completed that has enabled the Contractors to provide cost projections for the detailed design work which is required in order to enter Stage 2 Construction as detailed in the Appendix.
- 3.7 It should be noted that the revised costs under the variation are in line with other PCSA contracts for comparative full Stage 1 works as recently approved by Cabinet.
- 3.8 In addition to the activities above the PCSAs will allow the contractors to be involved collaboratively with CDH on matters such as:
- Buildability, sequencing, and construction risk
  - Packaging of the works, and likely lead-in times
  - Help develop the cost plans and construction programmes in partnership with CDH 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 site layout plans for the construction stages showing how the local environment or existing school operations might be affected
  - Draft the preliminaries for specialist and trade contractor bid documents
  - Consideration of all forms of alternative modern methods of off-site construction
  - Programme development and sub-contract procurement and management
  - Full design coordination challenge and development
- 3.9 Awarding outstanding work under the projects Stage 1 to the existing two PCSA contractors maintains the performance obligations for earlier as well as later Stage 1 work with the same Contractors and enables the continuous contract protection for all Stage 1 work. The variation to the existing contracts as recommended in this report for this purpose is facilitated by the iESE Framework's variation processes.

#### **4. CONSULTATION**

- 4.1 Separate consultation exercises will be undertaken for each site, with any local concerns addressed and considered ahead of individual Town Planning Applications.

- 4.2 Given the size and complexity of each project Planning Applications will be viewed by the Planning Committee ahead of submission.
- 4.3 Under the PCSAs the contractors will address traffic and parking concerns by completing comprehensive transport assessments for review by the Authority's Strategic Transport Manager ahead of the submission.

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

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

Please refer to Part B of the report.

### **5.2 The effect of the decision**

This report recommends commitment to variations to the existing PCSAs to allow the detailed design and site investigations to continue. Timely development of design, construction and site logistics solutions are essential to securing effective construction contracts to deliver the Education Expansion Programme Strategy objectives and to avoid program delays.

### **5.3 Risks**

All projects are proceeding to a tight programme with obligations to draw down Targeted Basic Needs funding and deliver facilities for the new academic year intake in September 2015.

In order to keep to this programme a Cabinet decision to award the variations to the PCSAs is required by the end of December 2014.

### **5.4 Options**

An alternative approach would be to commission detailed design, technical services and remaining site investigations through the consultancy market.

This approach is not recommended for the following reasons:

- It would fail to preserve back to back collateral warranties
- Extra resourcing would be required
- Unlikely to be deliverable within the required timeframe

### **5.5 Future savings/efficiencies**

By approving the variations to the PCSAs the completion of the Education Expansion Programme Strategy will enable the Authority to meet its statutory obligation to deliver the increasing demand for primary school places within the 2015/16 academic year and beyond.

To be approved by: Dianne Ellender, Head of Finance and Deputy Section 151 Officer

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

- 6.1 The Council Solicitor 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.

To be approved by: Deborah Calliste 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 variations to the PCSAs ahead of the construction contract.
- 9.2 The proposals for the new buildings will achieve the highest standards possible within the various site constraints and will be designed in sympathy with the local surroundings. Additionally, the intention is to reduce energy use and associated carbon dioxide emissions by introducing low-impact building materials.
- 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 iESE 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 contractors have tendered costs for the services based on quotes from their proposed consultants and designers. These costs have been reviewed by the Council's cost consultant to ensure compliance with the iESE Framework's fee rates and to ensure transparency.

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

12.1 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.

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**CONTACT OFFICER:**

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## Appendix

### 1. **Beckmead at Tennison Road (Batch 1)**

The original Leadbitter Group PCSA offer was on the basis that by the time the PCSA was entered into, the design and survey investigations would have been developed to RIBA Stage 2 Concept Design (CD).

As this was an occupied SEN School only limited surveys could be carried out before the Leadbitter were appointed.

#### **Work to be undertaken to obtain Planning Consent, develop the specification and all sub-package tender detailing:**

- All pre contract design work from RIBA Stage 1 Briefing & Appraisal (BA), to include, Architectural services, Mechanical and Electrical design, Structural Engineering and incoming services.
- Carry out all relevant intrusive surveys including soil investigations, asbestos and below-ground services.
- Additional specialist services required such as teaching-kitchen design, specialist equipment and arboricultural advice.
- Application to LBC Town Planning for early demolition, in order to mitigate the risk of squatter reoccupation.
- Taking the design through the Planning process including liaison with Spatial Planning, Tree Officer and Case Officer. Contribute to Planning Committee and Public consultation.
- Detailed Transport Assessments to inform the Planning Application and potential to mitigate the impact of the new school provision.

### 2. **Chestnut Primary School at Westways (Batch 1)**

The original PCSA offer provided by Leadbitter Group was issued on the basis that the design and survey work would be completed to RIBA Stage 3 Full Design (FD), all relevant surveys would be completed by LBC, and Planning Permission would be obtained by the time they were appointed.

#### **Work to be undertaken to obtain Planning Consent, develop the specification and all sub-package tender detailing:**

- All pre-construction design work recommenced from RIBA Stage 1 BA
- Identify and design suitable location for new substation and associated service trenching for installation during the 2015 summer holidays.
- Design and obtain Planning consent for temporary modular classrooms to accommodate the first intake of students in September 2015 together



with new water and power mains supplies to facilitate the temporary and permanent structures

- Liaison with LBC's own Party Wall Surveyor in order to mitigate Party Wall and Rights to Light risk with adjoining owners
- Application to LBC Town Planning for early demolition in order to progress the programme
- Appoint specialist consultants such as, transport advisor, acoustician and UK Power Networks
- Detailed Transport Assessments to inform the planning application and potential to mitigate the impact of the new school to address the increase traffic to and from the site and limited on-site parking.
- Taking the design through the Planning process including liaison with Spatial Planning, Tree Officer and Case Officer. Contribute to Planning Committee and Public consultation

### 3. **West Thornton Academy at Canterbury Mills (Batch 2)**

The original PCSA offer provided by Mace Limited was issued on the basis that the design and survey work would be completed to RIBA Stage 3 FD, all relevant surveys would be completed by LBC, and Planning Permission would be obtained by the time they were appointed.

#### **Work to be undertaken to obtain Planning Consent, develop the specification and all sub-package tender detailing:**

- All pre-construction design work from RIBA Stage 2 CD
- Identify and design suitable location for new substation and associated service trenching
- Liaison with LBC's own Party Wall Surveyor in order to mitigate Party Wall risk with adjoining owners on east and west boundaries
- Application to LBC Town Planning for early demolition in order to progress the programme
- Appoint specialist consultants such as, transport advisor, acoustician and UK Power Networks
- Taking the design through the Planning process including liaison with Spatial Planning, Tree Officer and Case Officer. Contribute to Planning Committee and Public consultation.
- Detailed Transport Assessments to inform the planning application and potential to mitigate the impact of the new school provision and to address the inability to provide on-site parking and drop off.

- Obtaining specialist planning advice on change of land designation and need for referral to the Greater London Authority and Secretary of State for approval.

#### 4. **Heathfield Academy at Aberdeen Road (Batch 2)**

The original PCSA offer provided by Mace Limited was issued on the basis that the design and survey work would be completed to RIBA Stage 3 FD, all relevant surveys would be completed by LBC, and Planning Permission would be obtained by the time they were appointed.

##### **Work to be undertaken to obtain Planning Consent, develop the specification and all sub-package tender detailing:**

- All pre-construction design work recommenced from RIBA Stage 1 BA
- Identify and design suitable location for new substation and associated service trenching
- Design a structure which does not detract from the adjacent locally listed church and housing
- Liaison with LBC's own Party Wall Surveyor in order to mitigate Party Wall risk with adjoining owners on east and west boundaries
- Application to LBC Town Planning for early demolition in order to progress the programme
- Appoint specialist consultants such as, transport advisor, acoustician and UK Power Networks
- Detailed Transport Assessments to inform the planning application and potential to mitigate the impact of the new school provision and to address the lack of on-site parking.
- Taking the design through the Planning process including liaison with Spatial Planning, Tree Officer and Case Officer. Contribute to Planning Committee and Public consultation

#### 5. **Ark Oval Academy Primary School (Batch 2)**

The original PCSA offer provided by Mace Limited was issued on the basis that the design and survey work would be completed to RIBA Stage 3 FD, all relevant surveys would be completed by LBC, and Planning Permission would be obtained by the time they were appointed.

##### **Work to be undertaken to obtain Planning Consent, develop the specification and all sub-package tender detailing:**

Additional work to be undertaken by the Contractor and their design team

- All pre-construction design work recommenced from RIBA Stage 2 CD
- Identify and design suitable location for new substation and associated service trenching for installation during the 2014 summer holidays.
- Design and obtain planning consent for temporary modular classrooms to accommodate the first intake of students in September 2014 together with new water and power mains supplies to facilitate the temporary and permanent structures
- Liaison with LBC's own Party Wall Surveyor in order to mitigate Party Wall risk with adjoining owners.
- Application to LBC Town Planning for early demolition in order to progress the programme
- Appoint specialist consultants such as, transport advisor, acoustician and UK Power Networks
- Detailed Transport Assessments to inform the planning application and potential to mitigate the impact of the school expansion to address the increase traffic to and from the site.
- Taking the design through the Planning process including liaison with Spatial Planning, Tree Officer and Case Officer. Contribute to Planning Committee and Public consultation