

Croydon Council

For general release

REPORT TO:	Cabinet 13 July 2015
AGENDA ITEM:	14.2
SUBJECT:	Contract to be Awarded – Phase Two Works Arena Academy
LEAD OFFICER:	Jo Negrini, Executive Director - Place Paul Greenhalgh, Executive Director – People
CABINET MEMBER:	Councillor Simon Hall, Cabinet Member for Finance & Treasury <i>And:</i> Councillor Alisa Flemming, Cabinet Member for Children, Young People and Learning
WARDS:	Woodside
CORPORATE PRIORITY/POLICY CONTEXT: The Capital Delivery Hub (CDH) Education Team has a remit to deliver the 2014 Schools Expansion Programme to increase the school places capacity on behalf of the People Directorate. The programme will deliver new school facilities to satisfy the growing permanent capacity requirements by providing a new 6 form entry secondary academy, creation of new multi-use games area, erection of a new turnstiles entrance building with reception area office, stores for Croydon Arena and provision of parking. Along with Public Realm improvements along the route to the Arena Tram stop.	
AMBITIOUS FOR CROYDON & WHY WE ARE 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: <ul style="list-style-type: none">• Achieving better outcomes for children and young people• Promoting economic growth and prosperity	
FINANCIAL IMPACT SUMMARY: This report recommends commitment to a maximum Contract Award of £13,025,892 to Willmott Dixon to commence with the phase two works to the new Oasis Arena Secondary Academy.	

KEY DECISION REFERENCE NO.: 12/15/CAB

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 13.00 hours on 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 Cabinet is asked to:

- 1.1 Approve the contract Award for the Phase Two Main Works for the Oasis Arena Secondary Academy to the value of £12,405,612 plus a 5% risk and contingency allowance held by the Council of £620,280 to Willmott Dixon to give a maximum contract sum of £13,025,892.

2. EXECUTIVE SUMMARY

- 2.1 This report recommends award of Contract for the Phase Two Works (the Works) for the proposed new 6 form entry' (6FE) Oasis Arena Secondary Academy (the Academy) at the site of the existing Ryelands School on Albert Road, South Norwood to Willmott Dixon (the Contractor) as the preferred contractor at a maximum contract sum of £13,025,892 inclusive of a 5% risk and contingency allowance to be held by the Council.
- 2.2 The Detail section of this report sets out the background to the project, the procurement strategy in the context of the wider Education Estates expansion programme for 2014/15 agreed by Cabinet on 17th June 2013 (Min.A63/13)) and details the call-off procurement process to ensure the required procedures have been followed to secure the best quality and value for the Works.
- 2.3 Approval and Award of this contract for the Works will enable the timely continuation of the project which started on 1st June 2015 following Approval for the Award of Contract for the Phase One Works to Willmott Dixon by the Cabinet Member for Children Families and Learning exercising delegated powers on 12 May 2015 (ref.20/15/CFL) and enable the project to complete on time for the opening of the new academy in September 2016.

3. DETAIL

Background:

- 3.1 The Cabinet Report of 17th June 2013 outlined the outcomes of the consultation process regarding the proposal to establish a new secondary school on the Arena site and the decision to undertake a feasibility study. The

report also detailed the process for inviting academy providers for the new schools. The conclusion of this process resulted in the Secretary of State appointment of Oasis Community Learning Trust to be the preferred sponsor of the new 6 FE Secondary School at the Croydon Arena site.

- 3.2 A detailed feasibility analysis confirmed that a 6FE secondary academy was deliverable on the site. A comprehensive design development process (to RIBA Stage E) was completed in October 2014 with detailed design proposals for the Secondary academy and associated public realm and highways improvements which are to be delivered over two phases.
- 3.3 The contractor's proposals for phase two of the works were submitted to the Council and its advisors on 22nd May 2015. A full design and cost review of the contractors proposals have been completed by the Council and its professional advisors for compliance with the Council's requirements. Phase Two of the Works comprises of the construction of the new 6FE secondary academy plus associated external landscaping and highways improvement works.
- 3.4 Following the review of the Contractors Proposals it is recommended to Cabinet to award the contract for the phase two works to the Contractor to undertake the works as outlined above. The design proposals were approved at Planning Committee on 26th February 2015. Phase Two of the Works is covered within this planning consent.

Procurement

- 3.5 In accordance with the approved procurement strategy, the Council called off from the SCAPE Major Projects Framework. This framework is a single source supplier which has been competitively tendered following an OJEU compliant procurement process. The framework has an agreed set of fixed rates for overheads, profits and preliminaries. Willmott Dixon are the sole supplier on the SCAPE framework and procured to deliver the whole project split into the two main Works phases. The two Works phases of the project have been split so as to reflect different elements of the project and to ensure procurement of appropriate supplies and services from the market. This phasing of the project also ensures completion of the project for September 2016.
- 3.6 The Council has used this framework for the successful delivery for part of the 2013 programme. Benchmarking analysis has shown it is comparable in costs to other procurement routes the Council has used, produces a high quality design solution and creates programme efficiencies which has saved money and has allowed the Council to meet the demanding timescales set due to the requirement to provide school places for a growing population.

4. CONSULTATION

- 4.1 The Council and the Academy operator have consulted local stakeholder groups, families and service providers on the proposal to develop a new 6FE primary school on the site of the former Ryelands School.

- 4.2 The Council's project team and the Contractor's design team have worked extensively with local stakeholder and Arena user groups to ensure the development of the design solution aligns with their reasonable expectations.
- 4.3 The Contractor will undertake all surveys, investigations and consultations as are necessary to complete the Services up to and including RIBA work stage 6 (construction to completion) in preparation for the construction phase.

5. FINANCIAL AND RISK ASSESSEMENT CONSIDERATIONS

5.1.1. Revenue and Capital Consequences of Report Recommendations

The financial implications of this proposed award are identified below

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000
Capital Budget available	15,152	5,152		
Expenditure				
Effect of decision from report	(10,000)	(3,025)		
Expenditure	0	0		
Remaining budget	5,152	2,127		

5.1.2. Effect of the Decision:

The award of contract for the Phase two Works will commit to spending a maximum of £13,025,892 from the budget allocated for the 2015/16 and 2016/17 education expansion programme. This cost is made up of the Contractors Works costs of £12,405,612 plus a 5% risk and contingency allowance of £620,280 held by the Council.

5.1.3. **Risks:**

As reported in the Cabinet Award Report for Phase One works the low to medium levels of below ground contamination in the development site remains a risk with Phase Two works and further ground excavations will take place within the existing Ryelands School site for new build secondary academy as part of Phase two works. Should any below ground contamination be exposed during the Works the Council will be responsible for the costs of the safe extraction and removal of this contamination from the development site. The level of risk and contingency allowance is estimated to be sufficient to address this contamination risk for a project of this scale and magnitude.

Should the Contract for the Phase Two Works not be awarded and the works not commence the delivery of the project for opening of the School for September 2016 will not be possible. This delay will also mean the Council will be liable for extensive abortive costs and incur costs for the sourcing and preparation of alternative educational accommodation for 360 secondary pupils for September 2016.

5.1.4. **Future Savings / Efficiencies:**

The Contractor has tendered the subcontract packages on an open book basis to determine the proposed contract value for the construction contract of Phase two of the Works. This approach has enable the Council's professional advisers to market test the Contractor's tendered price and to ensure market best value is being delivered for the project.

Approved by: Dianne Ellender, Head of Finance & Deputy S151 Officer

6. **COMMENTS OF THE COUNCIL SOLICITOR**

- 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 the statutory duty to demonstrate best value under the Local Government Act 1999.

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

7. **HUMAN RESOURCES IMPACT**

- 7.1 This report does not directly raise considerations of staffing levels, restructuring/regarding, TUPE implications, recruitment, employee relations, the Council's personnel policies or other Human Resources matter and therefore has not sought approval from Human Resources.

Approved by: Deborah Calliste, HR Business Partner on behalf of the Director of Human Resources

8. EQUALITIES ANALYSIS

- 8.1 An Equalities Impact Assessment (EIA) has been undertaken for the development of the Strategy Report for the school's expansion. Further EIA's will be undertaken at appropriate stages in the development of the design proposals. An Equality Analysis was undertaken to ascertain the potential impact on protected groups compared to non-protected groups for the development of the strategy report for the schools expansion and this concluded that the School will enhance access and inclusion for protected groups to learning provision. Further EA's will be undertaken at appropriate stages in the development of the design proposals.

9 ENVIRONMENTAL IMPACT

- 9.1 There will be a Site Waste Management Plan for the proposed school construction site to ensure that a minimum of waste is sent to landfill and opportunities for recycling and reusing materials are maximised.
- 9.2 The design proposals for the new buildings will be expected to achieve a BREEAM rating of "Excellent" where it provides a "value for money" solution. The facility will also incorporate provisions of the London Plan and a renewable energy strategy anticipated to be in the form of photovoltaic panels (solar PV) which will provide at least 25% of the estimated energy consumption of the building.
- 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 will be a number of community safety improvements from the Works such as improved lighting of the area from the Arena tram stop through to Albert Road and lighting and visibility improvements to the Arena Stadium entrance. There will be after school activities on the multi-use games area that is being created on the site of the redundant changing room block which will increase people using and passing through the area which will in turn increase the level of passive supervision in the area.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

Tender Evaluation Process

- 11.1 The Contractor's tender submission for the Phase Two Works were evaluated by the Council's project officers, Employers Agents and Quantity Surveyor (QS) to ensure compliance with the specification and the pricing documents were checked against industry benchmarks and for arithmetical errors. The

QS confirmed the costs for the services represent value for money as can be determined at this stage of the construction process.

11.2 The recommendation contained within this report is to award the contract for the Phase one Works to the Contractor whose compliant tender submission was considered to offer the best value for money and can be delivered within the programme with no risk of further delays.

12. ANY OPTIONS CONSIDERED AND REJECTED

12.1 The alternative options to procure via a mini competition using an alternative framework were considered and rejected due to the timescales involved in re-tendering which would have rendered the whole project un-deliverable for September 2016 opening.

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Background documents: none