

REPORT TO:	Cabinet 25th April 2016
AGENDA ITEM:	9.2
SUBJECT:	Award of Contract- Main Works Construction Contract for ARK Oval Primary Academy 1 FE expansion
LEAD OFFICER:	Jo Negrini, Executive Director for Place Paul Greenhalgh, Executive Director for People
CABINET MEMBER:	Cllr Alisa Flemming, Cabinet Member for Children, Young People and Learning, and Cllr Simon Hall Cabinet Member for Finance and Treasury
WARDS:	Addiscombe
CORPORATE PRIORITY/POLICY CONTEXT	
<p>The Homes and School Improvements Team has a remit to deliver the Primary Schools Expansion Programme to increase the school places capacity on behalf of the People Department. The programme will deliver new school facilities to satisfy the growing permanent capacity requirements by providing new primary schools, new build expansions at existing schools and the refurbishment & improvements to existing schools.</p> <p>The proposal is for a 1FE expansion to the existing 2FE primary school at Ark Oval. The main works will deliver a new teaching block, floodlit MUGA, internal reconfiguration and refurbishment to parts of the existing school buildings which will provide pupil places in 2016.</p>	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:	
<p>The delivery of this project is critical in ensuring the Authority is able to meet its statutory obligations to provide sufficient school places to meet increasing demand and will support the Authority in meeting the Policy Objectives of:</p> <ul style="list-style-type: none"> • Achieving better outcomes for children and young people • Promoting economic growth and prosperity 	
FINANCIAL IMPACT:	
<p>There is a Capital budget for the ARK Oval Primary Schools Expansion Programme of £6,090,000, approved by Cabinet on 18th January 2016, within the People Department to deliver a 1FE expansion to the existing 2FE Ark Oval Primary School.</p> <p>This report recommends a commitment to a contract award of £5,873,459 plus a 10% contingency of £587,346 to give a maximum contract value of £6,460,805 from the revised Capital budget.</p>	
KEY DECISION REFERENCE NO.: 10/16/CAB	

The Leader of the Council has delegated to the Cabinet the power to make the decision set out in the recommendation below.

1. RECOMMENDATIONS

The Cabinet is asked to:

- 1 Approve the award of a construction Main Works contract for the proposed 1FE expansion of Ark Oval Primary School to Willmott Dixon Construction Ltd to a contract award of £5,873,459 plus a 10% contingency of £587,346 to give a maximum contract value of £6,460,805 from the revised Capital budget.

2. EXECUTIVE SUMMARY

- 2.1 This report recommends the award of an NEC construction contract for the Main Works (the Works) required for the 1FE expansion at Ark Oval Primary Academy, calling off from the SCAPE Major Works framework due to the previous engaged contractor withdrawing from delivering the Works.
- 2.2 The Primary School Expansion programme 2014/15 was originally procured in two lots and awarded to two contractors. This school's project was part of the lot awarded to Mace Group but for the reasons detailed in para.3.3 that contract has ended and hence a new Stage 1 PCSA was awarded to a new contractor Willmott Dixon Construction Ltd (the Contractor), this proposal is for that new Contractor to now proceed to Stage 2, the Main Works.
- 2.3 To meet programme the scheme and school site requires a system build type construction, the Contractor's proposal is consistent with this methodology.
- 2.4 The Detail Section of this report sets out the background to the project, the procurement approach and evaluation process to select the contractor.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
05/04/2016	CCB1120/16-17

3. DETAIL

- 3.1 This school was originally due for delivery under the 2014/15 Education Expansion Programme. Delivery is now due in December 2016 with agreement with People Directorate. The Main Works are the second stage of the Two-Stage Design & Build process required to deliver this scheme.
- 3.2 The proposed scheme is a two storey prefabricated modular solution and associated works; substructure, cladding, roofing, internal fit, Mechanical Electrical Public Protection, partial refurbishment works in the existing school

and external works including the Multi Utility Games Area (MUGA) to be constructed on the existing school estate.

- 3.3 Mace Group were originally awarded the Stage 1 PCSA for the design work to Ark Oval Primary Academy, calling off from the iESE Major Construction Framework approved by CSC on 26th February 2014 (ref: B23/14). However, the scheme proposed – a traditional build solution - was unaffordable despite re-design and value engineering, and there was uncertainty around programme delivery. Various meetings at project, programme and director level were held during the PCSA period to raise the Councils concerns regarding progress and expected status of design development in accordance with RIBA stages. At the milestone of receiving Contractors Proposals it was clear these were not complete. Therefore the pre-construction services contract with Mace ended by mutual agreement in February 2016.
- 3.4 In accordance with the Education Expansion Programme approved strategy, approved by CCB on 1st August 2014 (Ref: CCB0913/14-15), the replacement Contractor has been engaged by call-off from the SCAPE Major Works Framework on a Two-Stage Design & Build basis. Stage 1 the PCSA included the professional design services and surveys required to progress the scheme to Contractors Proposals for Stage 2; the Main Works.
- 3.5 The main construction works for the expansion of the school were originally programmed to start in August 2015 with occupation of the new teaching block in September 2016 and completion of the scheme including external works due in November, 2016. Due to the problems detailed above, this has slipped the programme by three months so that occupation of the new teaching block will now be delivered in December 2016. The revised scheme includes refurbishment of an existing space in the school to accommodate the 2016 new class intake. Homes & Schools Improvements (HSI) and the People Department have agreed this revised delivery date with the Academy.
- 3.6 Planning consent has been awarded for the 2 storey scheme on 04/11/15 (15/03817/P).
- 3.7 The SCAPE Framework is an OJEU compliant single source framework where Main Contractor Overheads, Preliminaries & Profit rates are fixed through the initial competitive tender process thereby ensuring Value for Money.

Contractor Procurement

- 3.8 Due to the iESE Major Construction Framework no longer available as it had come to its contract end, the SCAPE Major Projects single supplier framework was used to call-off Willmott Dixon Construction Ltd. The Framework utilises a 2-Stage Design and Build format with the framework operator engaged at the 1st stage via a PCSA. Stage 1 has been completed to formulate the Main Contract Sum for the 2nd Stage Main Works NEC3 contract for the build-phase of the project.
- 3.9 Main Contractor has tendered the sub contracts and vetted the supply chain

to receive competitive quotes for the individual sub contract packages.

3.10 The Contractor submitted their Contractor Proposals on 4th February 2016 inclusive of their offered Contract Sum.

3.11 The Council's cost management consultant has shadowed the tender process providing checks and commentary on the tender returns and has advised that the price for the works is considered to be Value for Money and in accordance with the SCAPE framework rates which are comparable with construction costs agreed for previous awards.

4. CONSULTATION

4.1 The 2014 expansion programme was approved at Cabinet November 2013 A100/13 Education Estates Strategy Update.

4.2 For the main works, two successful Public Consultations took place in December 2013. There was also a successful consultation events with the wider community associated with the planning process towards gaining Planning Permission for the proposed expansion.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Funding is in part from the overall basic needs allocation provided by the DfE, and supplemented through borrowing via the Council's pioneering European Investment Bank facility. There is an overall capital budget allocation for the expansion project delivery of £6,090,000 and the Main Works Contract will be funded from this budget.

5.2 Revenue and Capital consequences of report recommendations:

	Prior year	Current year		
		Medium Term Financial Strategy – 3 year forecast		
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Capital Budget available	900	5,190	0	0
Expenditure incurred	574			
Effect of decision from report				0
Expenditure		6,211	250	
Remaining budget	<u>326</u>	<u>-1,021</u>	<u>-250</u>	<u>0</u>

5.3 The effect of the decision

The award of the contract for the Works will commit £6,460,805 from a total remaining available budget in 2016/17 after slippage from 2015/16 of £5,516,00 for the scheme.

This report is recommending award of the main Works NEC3 construction to Willmott Dixon Construction (see table in section 5.1).

Once the £326k unspent budget from 2015/16 has been repleted into the 2016/17 budget, these main works are in excess of the current available budget by £945,000., This will be contained within the education capital programme budget as a whole as reported to and approved by Education Estates Delivery Board at the meeting held 22 February, 2016. All opportunities to realise any cost efficiencies on the project will be further explored with the contractor and the project cost advisors as the scheme and construction phase progresses.

5.4 Risks

- 5.4.1 Major construction in a live operating school. The contractor has provided construction logistics, methodology and H&S documentation to the satisfaction of our consultant Principal Designer
- 5.4.2 Variations to the contract increasing costs. This expansion has been discussed with the school and People department in detail and the proposal has been endorsed by them. All construction contracts require some variations and these will be retained within the contingency as far as practicable.

5.5 Options

- 5.5.1 Do Nothing, abort the project, this will not meet the Councils obligations of providing pupil places
- 5.5.2 Do Something, we investigated other sites and expansions but this did not meet the statutory duty towards meeting the demand in this Primary Planning Area or support the Council in meeting the Policy Objectives. Go back out to the market to retender the works, but the programme of delivering the provision of pupil places for 2016 will not be met.
- 5.5.3 Do this, this report is recommending to proceed with the award of Stage 2 Design and Build contract to the Contractor, even though the cost being offered by the contractor is over the project budget. The submission by Willmott Dixon has been determined to be value for money by the Councils cost advisors as outlined in Section 11 below. It also recommended to proceed with the award to provide pupil places 2016 and and meets the requirements of the Council,

- 5.6 **Future savings/efficiencies** None associated with this contract, however the scheme design will consider efficient construction methods and low life-cycle costs

Approved by: Louise Lynch, Finance Business Partner – Place on behalf of the Director of Finance

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that the overall 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, Acting Council Solicitor and Acting 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.

8. EQUALITIES IMPACT

- 8.1 An Equalities Impact Assessment has been undertaken for the development of the Strategy Report for the Education Programme submitted along with the January 2015 Cabinet paper. Further EIA will be undertaken at appropriate stages in the development of the design proposals. Generally the development of the new school provision will have a positive impact on the school pupils / staff and the wider community. Regardless of familial, cultural, disability status, economic situation and social background, every child will have equal entitlement to a high qualitative education to be provided by the scheme

9. ENVIRONMENTAL IMPACT

- 9.1 The design of the scheme ensures:
- Identification and promotion of environmental issues in accordance with the planning approval.
 - Includes sustainable solutions, and minimises waste, the carbon footprint and resources in accordance with the planning approval.
 - Minimises the impact of vibration, and air, light and noise pollution in accordance with the planning approval.
 - Protects the ecology, the landscape, wildlife, vegetation and water courses.in accordance with the planning approval

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There is no direct impact in reducing crime and disorder associated with this Award, however, the commencement of the main development will discourage illegal trespass on the current derelict site of the demolished Acorn House site.
- 10.2 Secure by design has been included in the proposal for example: fencing access control and alarm systems

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 Although SCAPE Major Projects Framework is a single-supplier framework, Willmott Dixon bid for the requirements are in accordance with the Framework rates. This procurement route is also identified to ensure quick engagement with a supplier who expressed an ability to deliver to the required cost envelope and programme timescale. Their submission was evaluated by officers and consultants to ensure the Authority is receiving Value for Money and are both viable and of a suitable quality.

The Evaluation Panel was formed by representatives from the following:-

- Procurement Officer (Moderator for the evaluation process)
- Project Manager – Croydon Council
- Cost Manager – Croydon Council
- Consultant QS – Keegans
- Contract PM – Mott McDonald Ltd

The bid submission from Willmott Dixon Construction Ltd was reviewed and validated by the evaluation panel to ensure compliance and additionally, the pricing documents were checked for arithmetical errors.

It is recommended that the NEC3 contract for the main construction Works for the 1 fe expansion at Ark Oval Primary School is awarded to Willmott Dixon Construction Ltd.

12. OPTIONS CONSIDERED AND REJECTED

12.1 Use of the Southern Construction Framework was considered but rejected on the basis of time constraints and the need to ensure optimum programme solutions to ensure the delivery of the required additional pupil places. The decision to use the SCAPE framework as the preferred option was due to speed of engagement, excellent previous track record and the ability to deliver programme and cost advantages through the use of innovative and standardised system build design solutions.

12.2 Traditional construction methodology was compared and costs were comparable but the programme could not be achieved against the faster modular solution.

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Background documents: exempt

