

For General Release:

REPORT TO:	Cabinet 25th April 2016
AGENDA ITEM:	9.3
SUBJECT:	2016 Primary School Expansion Programme – Construction Works
LEAD OFFICER:	Paul Greenhalgh, Executive Director of People Jo Negrini, Executive Director of Place
CABINET MEMBER:	Councillor Alisa Flemming, Cabinet Member for Children, Young People and Learning and Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	Waddon, Purley, Coulsdon, Selhurst, Shirley

CORPORATE PRIORITY/POLICY CONTEXT

The District Centres and Regeneration - Schools Team has a remit to deliver the Schools Expansion Programme (the 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.

AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:

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:

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

FINANCIAL IMPACT:

There is a revised Capital budget for the 2016 Primary Schools Expansion Programme of £41.475m approved by Cabinet on 18th January 2016, within the People Department. This forms part of the approved Education Capital Budget of £150m approved by Council on 29th March 2016.

This report recommends a commitment across multiple contract awards to give a maximum contract value of £35.015 m from the revised Capital budget.

KEY DECISION REFERENCE NO:- 12/16/CAB

The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

1.1 The Cabinet is recommended to note that in order to effectively deliver the 2016 Schools Expansion Programme the Leader of the Council has agreed the following delegations associated with the award of contracts to Willmott Dixon Construction Ltd as part of the 2016 Programme (Ref: 27/16/LR):

1.1.1 In respect of subsequent associated contracts valued above £500,000 up to the value of £5m authority to award is delegated to the Executive Director Place, in consultation with the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance and Treasury;

1.1.2 In respect of subsequent associated contracts valued above £5m authority to award is delegated to the Assistant Chief Executive Corporate Resources and Section 151 Officer, in consultation with the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance and Treasury;

1.1.3 That the above delegations include any subsequent contract approvals and decisions relating to:

- the Main Build NEC3 Contract;
- associated Enabling Works Contracts;
- associated provision of Temporary Classroom facilities;
- and any early orders which may be necessary to secure factory slots

Subject to the decision maker being satisfied that the council has received satisfactory proposals from Willmott Dixon Construction Ltd of Time, Cost and Quality.

That any awards made under these delegations will be reported within the Investing in Our Borough report at the Cabinet meeting following any award.

1.2 To note that contract awards anticipated under these delegations and associated with the 2016 Schools Expansion Programme are expected not to exceed a maximum value of £35.015m. This total potential commitment of £35.015m represents the construction budgets allocated from the overall 2016 Schools Expansion Budget of £41.475m.

2. EXECUTIVE SUMMARY

2.1 This report details the approach for contracts awards associated with the second stage of a 2 Stage Design and Build Construction (Stage 2) for delivery of the 2016 Primary School Expansion Programme (the Programme) consisting of the following schools:

- New 3 form of entry school Harris Primary Academy – Purley Way, Propeller Crescent, CR0 4JW
- 1 form of entry at Christ Church CofE Primary School, Montpelier Road, Purley, CR8 2QE
- 1 form of entry at Chipstead Valley Primary School, Chipstead Valley Road, Coulsdon CR5 3BW
- 1 form of entry at Heavers Farm Primary School, 58 Dinsdale Gardens, Selhurst, SE25 6LT
- 1 form of entry at St John's C of E Primary School, Spring Park Road, Shirley, CR0 5EL
- 1 form of entry at Woodcote Primary School Dunsfold Rise, Coulsdon, Surrey, CR5 2ED

2.2 The first stage of a 2 stage Design and Build Construction contract was the award of the Pre-Construction Services Agreement (PCSA) to Willmott Dixon Construction Ltd (the Contractor) for each school. The award of the PCSA for Harris Purley Way was approved by Cabinet on 23 July 2015 (Ref. 51/15/CYPL). The award of the PCSAs for remaining schools within the 2016 Primary School Expansion Programme was approved by the Contracts & Commissioning Board on 1 June 2015 (Ref: CCB 1010/15-16).

2.3 The Detail Section of this report sets out the background to the Programme, the procurement approach and evaluation process to review the contractor proposals and pricing for contracts to be agreed under these delegations.

2.4 Subsequent contract awards made under the new delegations associated with the Programme are expected not to exceed a maximum value of £35.015m. This total potential commitment represents the construction budgets allocated from the overall Schools Expansion Budget of £41.475m.

2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
CCB1121/16-17	06/04/16

3. DETAIL

3.1 The Cabinet has approved the procurement strategy for the Education Expansion Programme 2015-17 at 17th November 2014 meeting (ref: A105/14) agreeing that such contracts be by way of call off from the SCAPE Major Works framework agreement.

3.2 At the Cabinet meeting held on 18 January 2016, the revised budget of £22,068m to deliver the 2017 School Expansion Programme was agreed (Ref: A7/16).

- 3.3 The current method of letting individual contracts means that often there up to are four additional Award reports per School Expansion Project after the PCSA has been let, each requiring an Award report to be taken to CCB/Lead Member/Cabinet. This involves considerable officer resources and in the case of the Education Capital Programme is an inefficient process which may lead to programme delays and increased costs.
- 3.4 The nature of a 2-Stage Design and Build method of delivery is to ensure early engagement with a contractor thereby driving buildability and best value as early as possible from the design stage. Although there is no commitment to proceed from the Stage-1 PCSA Design Phase into the Stage-2 Construction phase, if the three requirements of Time, Cost and Quality are shown to have been met, it is usual for the contracting authority to proceed into Stage-2 with the contractor under separate contract(s).
- 3.5 At the mini-competition stage the contractor sets out his overheads and profit for both stages. These cannot be subsequently increased. In determining the Main Contract sum for the construction phase (Stage-2) the sub-contract packages, where a minimum of three subcontract tenders are obtained, are subject to an 'Open Book' approach whereby all responses from the sub-contractors can be viewed and interrogated by the Council and its cost consultants. These twin approaches enable best value to be determined and proved.
- 3.6 The budget for each school expansion project within the Programme can generally be split into 3 main components; budget for any site acquisition, the construction budget and budget for any post-construction items - such as fixtures, fittings and equipment.
- 3.7 The construction budget represents the approved available funds to carry out the Design and Build of the scheme and is considered to be an amount which represents Value for Money based upon the complexity of build, the requirements and the prevailing market conditions.

The Procurement

- 3.8 The procurement for this Programme was called off from the single supplier SCAPE Major Works framework in accordance with the Council's procurement procedures, and the Stage 1 PCSAs contract awards for each school was approved by Cabinet and CCB as stated at para 2.2.
- 3.9 It is proposed that provided the Contractor engaged at Stage-1 for the PCSA has demonstrated to the satisfaction of the Council and its cost consultants that any proposals for Stage 2 are
- within the Construction Budget;
 - will be completed by the specified deadline, or to a timescale acceptable to the Council;
 - of an agreed, accepted design and quality;

- and, in the case of the Main Construction Works, that Planning Permission has been secured,

any recommendations for subsequent early works, temporary accommodation, early orders or main works are agreed by the relevant Executive Director in consultation with the Lead Member and Member for Finance and Treasury, and when the contract values are above £5m with the Assistant Chief Executive Corporate Resources and Section 151 Officer.

3.10 The Leaders Scheme of Delegation Section C provides that in respect of contractual transactions from £500,000 up to the value of £5m in accordance with Executive Protocol 5A are reserved to individual Cabinet Members relating to their portfolio in consultation with the Cabinet Member for Finance and Treasury. In order to maximise efficiency, this report recommends to the Leader that for the Programme detailed in para 2.1 the authority to award contracts is delegated as per the Recommendation.

3.11 This is the process for the awarding the Stage 2 contracts for the Programme:

1. The Education Estates Board will agree requirements and approve the proposals produce by the Contractor. The Director of District Centres and Regeneration and Director of Universal People Services chair these boards.
2. A due diligence check will be undertaken on the proposals to ensure that it represents value for money, is deliverable within required timeframes and any contractors overheads and profit is in accordance with those tendered in the procurement. This may be undertaken internally by a cost consultant or externally by a third party cost consultant.
3. An award report will be prepared by the Project Manager for submission to the appropriate decision maker detailed below, setting out the works proposed, due diligence checks undertaken to ensure that it is line with any contracted rates, represents value for money, is deliverable within required timeframes and any other relevant information. This report would also provide confirmation of budget availability.
4. These subsequent Stage 2 contracts will be executed by the appropriate delegated authority.
5. The Award of such contracts will be included in the Investing in Our Borough Report (presented at Cabinet by the Director of Strategy, Communities and Commissioning) at the next available Cabinet meeting after the award date. For information, a copy of the award report will be included as a background paper to the Contracts Report.

4. CONSULTATION

4.1 The Department for Education (DfE) School Organisation guidance and

associated regulations require Local Authorities to follow a statutory process for proposals to make significant changes: prescribed alterations to existing schools. We are required to run a four stage statutory process which started in May 2015, with Cabinet decision in July 2015. In line with DfE guidance, key stakeholders, including parents/carers and local residents will be consulted in the coming months in relation to the proposed expansions.

- 4.2 A public exhibition and engagement event was held with local residents and businesses, ahead of the formal planning application process for each school. Comments received at the consultation event have been addressed within the design proposal as part of the submission for planning consent.
- 4.3 Ongoing community engagement will be conducted throughout the construction works programme, as part of the Contractor's responsibilities and the project's registration under the Considerate Contractor's Scheme.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 There is an overall budget allocation for the expansion programme delivery of £41.475m and Contracts will be funded from this budget.

1 Revenue and Capital consequences of report recommendations

	Previous Financial Year	Current year	Medium Term Financial Strategy – 3 year forecast		
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Capital Budget available	2,466	23,754	15,212	43	0
Expenditure					
Effect of decision					
Expenditure	2,025	17,914	13,918		
Remaining budget	441	5,840	1,294	43	0

- 2 **The effect of the decision** Approval of the recommendations would commit the Council to a maximum sum of £35.015m from the approved Schools Expansion Budget. The costs of the schemes can be met from the existing budgets and budget allocation has been approved by Cabinet. There is no direct external funding associated with these projects. 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.

3 Risks

Harris Purley Way

There is a risk of unknown below ground conditions with UXO / Contamination / Asbestos. This has been mitigated through extensive site surveys which have determined that there is not any asbestos or contamination to the site areas tested. UXO testing survey undertaken has not shown any unexploded ordnance to the site.

4 Options

4.1 The option of not providing the new school at Harris Purley Way or expanding the other five schools was rejected as it would mean that additional pupil places are not provided and children would be without a school place and TBN government funding of £6.3m would be lost

4.2 The option of providing on-going temporary classrooms was rejected due to the limitations of planning approval for temporary classrooms. Furthermore the grant funding requires delivery of a permanent school at Purley Way and if this is not completed TBN government funding of £6.3m would be lost in respect of Harris Purley Way.

4.3 The preferred option is for Willmott Dixon to be awarded the contracts to provide the new works as Principle contractor.

5 Future savings/efficiencies

The new buildings have been designed to meet BREEAM 'Excellent' together with (where applicable) consequential improvements to the existing buildings as required by Building Control. The buildings are therefore designed to be energy efficient and low maintenance which will minimize on going energy costs and repair and maintenance costs.

Provision of a permanent school places will provide long term pupil places and minimize cost spent on temporary accommodation.

Approved by: Lisa Taylor Assistant Director of Finance and Deputy Section 151 officer

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 schemes.

9. ENVIRONMENTAL IMPACT

- 9.1 The new extension and building works have been designed to comply with LBC requirement for BREEAM 'Excellent' and also the London Plan which exceeds the minimum energy efficiency requirements in the latest Building Regulations.
- 9.2 Where existing mature trees on the site are to be retained and protected; and a new SuDS – Sustainable Urban Drainage System is to be installed these will be in accordance with the planning application and approval.
- 9.3 There is no impact on the environment during the design phase. The design of the scheme ensures:
- Identification and promotion of environmental issues.
 - Seek sustainable solutions, and minimising waste, the carbon footprint and resources.
 - Minimising the impact of vibration, and air, light and noise pollution.
 - Protecting the ecology, the landscape, wildlife, vegetation and water courses.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 Secure by Design have been consulted with as part of the design process and recommendations incorporated where practicable. There are no immediate Crime and Disorder consequences from the award of these contracts.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 To enable the Council to deliver the schemes identified in para 2.1 in the most efficient and cost effective way.

11.2 The award of the Stage 2 contracts will be in accordance with the process outlined from para 3.11.

11.3 Although SCAPE Major Projects Framework is a single-supplier framework, Willmott Dixon bid for the requirements are in accordance with the Framework rates. The separate bids for each school scheme from Willmott Dixon were evaluated by officers and consultants to ensure the Authority is receiving Value for Money and are both viable and of a suitable quality.

12. OPTIONS CONSIDERED AND REJECTED

12.1 The option of not providing the school places was rejected as it would mean that additional pupil places are not provided and children would be without a school place. Furthermore, TBN government funding of £6.3m would be lost at Harris Purley Way.

12.2 The option to run a mini competition calling off from a multi supplier framework agreement such as IESE Construction was not considered due to the framework coming to an end and the new Southern Construction Framework was not set up in time.

CONTACT OFFICER:

Name:	Daniel Bates
Post title:	Project Manager
Telephone number:	020 8726 6000 Ext 88655

Background Papers – Local Government Act 1972

Equality Impact Assessment for the Education Estates Strategy for 2015/16 to 2018/19 Academic Years

