

REPORT TO:	Cabinet 25th April 2016
AGENDA ITEM:	9.4
SUBJECT:	2017 Primary School Expansion Programme – Construction Works
LEAD OFFICER:	Jo Negrini, Executive Director for Place Paul Greenhalgh, Executive Director for People
CABINET MEMBER:	Councillor Alisa Flemming, Cabinet Member for Children, Young People and Learning and Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	<i>Coulsdon East, Coulsdon West and Kenley</i>

CORPORATE PRIORITY/POLICY CONTEXT

The Homes and School Improvements Team has a remit to deliver the 2017 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.

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:

- Promoting choice, diversity and high standards, ensuring that every child fulfils their educational potential.
- Achieving better outcomes for children and young people
- Promoting economic growth and prosperity

FINANCIAL IMPACT:

There is a revised Capital budget for the 2017 Primary Schools Expansion Programme of £22.068m approved by Cabinet on 18th January 2016. 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 £19.420m from the revised Capital budget.

KEY DECISION REFERENCE NO.: 13/16/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 To note that the Director of Strategy, Communities and Commissioning (SCC) has approved the award of Pre-Construction Services Agreements (PCSA) including associated surveys for the Primary Schools Expansion Projects at:

- Oasis Academy Byron Primary School at a contract sum of £309,842
- Smitham Primary School at a contract sum of £310,092
- St Nicholas SEN Primary School at a contract sum of £331,371

to the Contractor detailed in the associated Part B report on this agenda for the total contract sum of £951,305.

1.2 The Cabinet is recommended to note that in order to effectively deliver the 2017 Schools Expansion Programme the Leader of the Council has agreed the following delegations associated with the award of contracts as part of the 2017 Programme (Ref: 28/16/LR):

1.2.1 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;

1.2.2 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;

1.2.3 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 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.

1.3 To note that contract awards anticipated under these delegations and associated with the 2017 Schools Expansion Programme are expected not to exceed a maximum value of £18.469m. This total potential commitment of £19.420m represents the construction budgets allocated from the overall 2017 Schools Expansion Budget of £22.068m.

2. EXECUTIVE SUMMARY

- 2.1 This report details the approach for contracts awards associated with delivery of the 2017 Primary Schools Expansion Programme (the Programme). Particularly it reports the delegations which have been agreed by the Leader in relation to contracts valued over £500k and notes the intention of the Director of Strategy Communities and Commissioning to award, under her existing delegated authority, the Pre-construction Services Agreements for the permanent 1 form of entry (1FE) Primary School Expansions at:
- Oasis Academy Byron Primary School
 - Smitham Primary School
 - St Nicholas SEN Primary School
- 2.2 The Detail Section of this report sets out the background to the Programme, the procurement approach and evaluation process which will be used to review the contractor proposals and pricing for contracts to be agreed under these delegations.
- 2.3 In relation to the awards due to be made by the Director of Strategy Communities and Commissioning, the total value of the awards of the Pre-Construction Services Agreements (PCSA) for Stage 1 is in the sum of £951,305.
- 2.4 Subsequent contract awards made under the new delegations associated with the 2017 Schools Expansion Programme are expected not to exceed a maximum value of £18.469m. This total potential commitment of £19.420m represents the construction budgets allocated from the overall Schools Expansion Budget of £22.068m.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
CCB1122/16-17	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 Southern Construction Framework Lot 3 (London) due to the previously used iESE framework no longer exists.

- 3.2 Then 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 are four additional Award reports per 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 into the Stage-2 Construction phase, if the three requirements of Time, Cost and Quality are shown to have been met, it is unusual for the contracting authority not to proceed into Stage-2 with the contractor.
- 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 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 two 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 Southern Construction framework Lot 3 (London) has a two stage mini competition (MC1 & MC2) procurement process. The first stage MC1 is issued by the framework manager, Hampshire County Council, via their procurement portal, inviting all eight contractors to express an interest. Hampshire County Council reviews the responses and the top 3 scoring suppliers are invited to MC2 stage which is issued by the Council via its procurement portal.
- 3.9 The MC2 stage Invitation to Tender (ITT) was issued to the 3 suppliers via the Council's own procurement portal on 13 January 2016 with a return deadline date of 27 January 2016. The return deadline was then extended with a new return date of 1 February 2016, due to suppliers requiring school site access. Three responses were received by the new deadline date.

3.10 Clarification queries were raised with all 3 suppliers and the table below shows the results of the final tender evaluation in accordance with Council procedures. Submissions were evaluated based on most economically advantageous tender (MEAT) approach with the evaluation criteria split of 50% Price / 50% Quality.

Supplier	A	B	C
SCF Bid Sum	£2,600,780.81	£2,331,525.74	£2,100,905.10
Price Score	40.39%	45.05%	50.00%
Quality Score	39.33%	42.67%	36.93%
Total	79.72%	87.72%	86.93%
Ranking	3	1	2

3.11 Based on the evaluation at para 3.10, it is recommended to award the Stage 1 PCSAs for each school as listed in para 2.1 to Supplier B.

Stage 2 Construction Phase Contracts

3.12 Taking account of the detail above, and provided the contractor engaged at Stage-1 for the PCSA has demonstrated to the satisfaction of the Council and its cost consultants that any Stage 2 proposals meet Time, Cost and Quality requirements insofar as they 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 contract values are above £5m with the Assistant Chief Executive Corporate Resources and Section 151 Officer.

3.13 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 and in line with 2 Stage Design & Build process, the Leader has agreed that for this Programme detailed in para 2.1, the authority to award contracts is delegated as per the Recommendation.

3.14 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 produced by from the appointed PCSA 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, setting out the works proposed, due diligence checks undertaken to ensure that it is line with any contracted Rates, represents value for money, deliverable within required timeframes and any other relevant information. This report would also provide confirmation of budget availability.
4. The 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 SCC) 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 Formal public consultation for Smitham Primary School and St Nicholas SEN Primary School was held during the period of 4 November 2015 to 2 December 2015. Cabinet approved at the meeting held on 18 January 2016, the proposal to permanently expand Smitham and St Nicholas primary schools (Ref;A7/16)
- 4.2 It should be noted that Oasis Academy Bryon is subject to different statutory requirements, with the Secretary of State for Education retaining responsibility for the decision to make any significant changes to an existing academy
- 4.3 When the design of the scheme has been developed in sufficient detail, a public engagement event will be held ahead of the formal planning application process.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 There is an overall budget allocation for the expansion programme delivery of £22.068m 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	2017/1 £'000	2018/19 £'000	2019/20 £'000
Capital Budget available	348	9,358	10,774	1,588	0
Expenditure					
Effect of decision from report	0	8,635	9,719	1,066	0
Expenditure	0	0	0	0	0
Remaining budget	<u>348</u>	<u>723</u>	<u>55</u>	<u>522</u>	<u>0</u>

- 2 **The effect of the decision** Approval of the recommendations would commit the Council to a maximum sum of £19.420m 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** Due to the fact that the recommended Contractor is from the existing framework the financial risks to the council from not completing the contract is low. However, if this Award is not approved, there is a risk that the project will be delayed and as a result the Council borrowed funding could be lost or have to be repaid at a higher rate; and a risk that pupil places will be delayed.
- 4 **Options** As this was a competitive tender calling off from a multi supplier framework, no other options were considered.
- 5 **Future savings/efficiencies** None associated with the award of the Stage 1 PCSA, however through the scheme designs for each school future saving options will be considered for the construction methods and whole life-cycle costs

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 equality analysis has been conducted which shows that the strategy is designed to maintain and improve an equal access to educational opportunity for protected groups. These are children from BME and Faith Groups who are more highly represented in areas of demand pressures for additional places. Also disproportionately affected are children with SEN, for whom the strategy delivers additional specialist facilities in both mainstream and SEN schools that are located within local communities. An impact assessment was conducted and submitted in January 2016 cabinet with the Education Consultation paper identify the expansion schemes for 2016 to 2018. The outcome of which and any mitigating actions will be contained in the report to decision makers.

9. ENVIRONMENTAL IMPACT

- 9.1 There is no impact on the environment during the design phase. The design of the scheme will ensure that the environmental impact of the strategy has positive elements and potential risks which must be managed. All buildings within the programme must meet the BREAAAM excellent standard which ensures high quality sustainable buildings and which promotes other environmental agendas such as green travel. The potential environmental impact of having additional school places on transport and traffic is managed through the traffic impact assessment of each school project. Sustainable travel plans are undertaken on each scheme by the schools.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no direct Crime & Disorder impacts as a result of these recommendations

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The Council and Southern Construction Framework require the suppliers to submit a bid for the requirements comprising Design Team procurement, documents review, surveys and fees. These will be evaluated by officers to ensure the Council is receiving Value for Money and the preliminary schemes for each project are both viable and of a suitable quality.

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

- Project Manager – Croydon Council
- Cost Manager – Croydon Council
- Schools Place Manager – Croydon Council
- Senior Procurement Officer – Croydon Council (Moderator)

The bid submissions for the Stage 1 PCSAs from all suppliers were reviewed and validated by the evaluation panel to ensure compliance and additionally, the pricing documents were checked for arithmetical errors.

- 11.2 Despite supplier C achieving higher score for their price submission, following clarification on their proposed delivery programme schedule, they were unable to meet the Council's delivery timeframe for the 2017 school pupil intake date. It is recommended that the contracts for the stages 1 PCSA's and stage 2 Construction for the Primary School Expansion Programme 2017 be awarded to supplier B.
- 11.3 The award of the Stage 2 contracts will be in accordance with the process outlined from para 3.14.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 The option to procure from the single supplier SCAPE Framework was considered but rejected as there was time to run a competitive tender procedure using the multi supplier Southern Construction Framework.

CONTACT OFFICER:

Name:	Jon Ruler
Post title:	Project Manager – Place Department, Homes and School Improvements.
Telephone number:	x63389

BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972 –

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

