

REPORT TO:	Cabinet 20th June 2016
AGENDA ITEM:	15.2
SUBJECT:	Primary School Expansion Main Construction Works for: Heathfield Academy at Aberdeen Road. New 2FE School West Thornton Academy at Canterbury Mills. New 2FE School
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:	Fairfield and Broad Green
<p>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON</p> <p>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.</p> <p>The delivery of this project is critical for 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"> • 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 	
<p>FINANCIAL IMPACT:</p> <p>The original Capital budget of £23.096m for these two Primary Schools was part of the 2015/16 Primary School expansion programme approved by Cabinet on 18th January 2016. This budget was slipped forward to 2016/17 and forms part of the approved Education Capital Budget of £150m approved by Council on 29th February 2016.</p>	

This report recommends a commitment across multiple contract awards to give a maximum contract value of £20.071m from the Capital budget.

KEY DECISION REFERENCE NO:- 17/16/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 contained within this report:

1. RECOMMENDATIONS

1.1 The Cabinet is recommended to note that in order to effectively deliver the Primary School Expansion for West Thornton & Heathfield Academies the Leader of the Council will be asked to agree the following delegations associated with the award of contracts to Willmott Dixon Construction Ltd (Ref: 42.16.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 Subject to the decision maker being satisfied that the council has received satisfactory proposals from Willmott Dixon Construction Ltd on Time, Cost and Quality, that the above delegations include any subsequent contract approvals and decisions relating to:

- the Main Build NEC3 Contract;
- associated Enabling Works Contracts;
- and any early orders which may be necessary to secure production slots
- any requirement for additional temporary accommodation

1.1.4 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 Primary School Expansion for West Thornton & Heathfield Academies are expected not to exceed a maximum value of £20.071m. This total potential commitment of £20.071m represents the construction budgets allocated from the Schools Expansion Budget for these two new schools of £23.096m.

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 2015/16 Primary School Expansion Programme (the Programme) remaining schools:
- Heathfield Academy at Aberdeen Road. New 2Form Entry School
 - West Thornton Academy at Canterbury Mills. New 2Form Entry School
- 2.2 The Cabinet Report of 18 November, 2013 (Min.A100/13) decided upon a new 2 form entry (2FE) primary school on the site of 7 Aberdeen Road and 105 Canterbury Road. Feasibility studies were commissioned to set out the site constraints and opportunities. The conclusion of this study resulted in the Secretary of State appointment of the STEP Academy Trust to be the preferred sponsor of the new 2 FE Primary Academy School at Aberdeen Road and the West Thornton (Synaptic Trust) Academy to be the preferred sponsor of the new 2 FE Primary Academy at Canterbury Road.
- 2.3 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 approved by the Contracts Commissioning Board on 1st March 2016 (Ref: CCB1099/15-16). The award of a separate contract for temporary accommodation at West Thornton Academy at Canterbury Mills was approved by CCB on 7 April 2016 (ref: CCB1134/16-17) to enable the first 60 reception-age pupil places and 60 year 1 pupil places to be provided in September 2016. As referenced in para 5.3 the demolition of the existing buildings are subject to a separate award report approved at CCB on 20th May (ref: CCB1142/16-17) which considerably reduces the programme risks to ensure delivery of the new schools for September 2017.
- 2.4 The Detail section of this report sets out the background to the programme, the procurement approach and evaluation process to review the Contractors proposals and pricing for contracts to be agreed under these delegations.
- 2.5 Subsequent contract awards made under the new delegations associated with the Programme are expected not to exceed a maximum value of £20.071m. This total potential commitment represents the construction budgets allocated from the overall Schools Expansion Budget of £23.096m.
- 2.6 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
CCB1141/16-17	27/05/16

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) agreement.

- 3.2 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).
- 3.3 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.
- 3.4 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.
- 3.5 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

- 3.6 The procurement for the schools was called off via a mini competition using the multi supplier Southern Construction Framework Lot 3 (London) in accordance with the Council's procurement procedures, and the Stage 1 PCSAs contract awards for each school was approved by CCB.
- 3.7 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;
 - are 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, any additional 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 Deputy Chief Executive Corporate Resources & Section 151 Officer.

3.8 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 projects detailed in para 2.1 authority to call-off works orders be delegated as per the Recommendations.

3.9 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 to be performed on the returned quote 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 order proposed, due diligence checks undertaken to ensure that it is line with any contracted rates, represents value for money and 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 The original capital budget for the expansion programme associated with the delivery of these two schools was £23.096m. This has since been revised to £21.807m as detailed in the table below. Expenditure of £0.951m has already been committed for the demolition works.

1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Revised Capital Budget	11,895	9,912	0	0
Expenditure	951	0	0	0
Effect of decision from report	10,536	9,535	0	0
Expenditure	0	0	0	0
Remaining budget	408	377	0	0

- 2 **The effect of the decision** Approval of the recommendations would commit the Council to a maximum sum of £20.071m from the approved Schools Expansion Budget.

3 Risks

As the Contractors' Works costs have been evaluated against the framework set rates, the financial risk of increased costs at this stage is low.

There is a risk of unanticipated below ground contamination being discovered at both sites when main works commence. However this risk is being managed and controlled by the early demolition works on both sites..

However, if this Award is not approved, there is a risk that the project will be delayed and as a result the Targeted Basic Need (TBN) funding could be lost or have to be repaid. The Council does not have the Capital funds to replace lost TBN funding or the desire to borrow.

Should the Contract for the Works not be awarded and the works not commence, the delivery of both projects for opening of the School for September 2017 will not be possible. This delay will mean the Council will be liable for extensive abortive costs and incur costs for the sourcing and

preparation of alternative educational accommodation for 420 primary pupils for each school for September 2017.

4 Options

4.1 The option of not expanding the schools was rejected as it would mean that additional pupil places are not provided and children would be without a school place and Targeted Basic Need government funding of £8.894m 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. Other sites were investigated but they did not meet the statutory duty or the demand in the central Primary Planning Area.

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 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 for and on behalf of: 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 (EIA) 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 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.

9.3 The design of the scheme ensures there is no impact on the environment as the following points have been incorporated:

- Identification and promotion of environmental issues.
- Sustainable solutions are designed into the scheme, and minimises waste, the carbon footprint and resources.
- Minimises the impact of vibration, and air, light and noise pollution.
- Protects 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 3.9.

11.3 The Council and Southern Construction Framework require Willmott Dixon to submit a 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 £8.894m would be lost at Heathfield Academy, Aberdeen Road and at West Thornton, Canterbury Mills.
- 12.2 The option of procuring from a single supplier framework (SCAPE) was rejected on the basis that it did not provide any significant cost advantages to the Council and it was important seek a competitive market price for these projects due to the scale and value.

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BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972 – Equality Analysis

