

## Report of the Cabinet Member for Education

Cabinet – 21 January 2016

### 21<sup>st</sup> CENTURY SCHOOLS PROGRAMME

#### CONTRACT AWARD AND CAPITAL PROGRAMME AUTHORISATION FOR THE DESIGN AND REFURBISHMENT OF PENTREHAFOD COMPREHENSIVE SCHOOLS EXISTING SCHOOL BUILDINGS

**Purpose:**

- To approve and commit to the Capital Programme the scheme for the refurbishment of Pentrehafod Comprehensive School subject to confirmation of the grant and entering into a contract with Welsh Government (subject to planning approval).
- To seek authorisation to award a contract for the works to Tender No 1, under the agreement that following the contract award the contractor must obtain planning approval and all risks associated with not achieving planning approval are those of the contractor, and subject to confirmation of the grant and entering into a contract with Welsh Government (subject to planning approval).

**Policy Framework:**

- One Swansea Plan.
- The Revenue and Capital Budget as reported to and approved by Council on the 10th February 2015.
- QEd 2020 programme.
- Corporate Priority – Safeguarding vulnerable young people
- Corporate Priority – Improving pupil attainment
- Corporate Priority – Tackling poverty
- Corporate Priority – Building sustainable communities

**Reason for Decision:**

- To comply with Financial Procedure Rule No. 7 (Capital Programming and Appraisals) – to commit and authorise a new scheme onto the Capital Programme
- To comply with Contract Procedure Rule 13, the award of contract.

**Consultation:**

Education, Finance, Legal and Democratic Services, Corporate Building and Property Services.

**Recommendation(s):**

It is recommended that;

- 1)
  - a. The capital scheme as detailed together with the financial implications set out in Appendix A is approved, subject to confirmation of the grant and entering into a contract (subject to planning approval) with Welsh Government and,
  - b. The 1<sup>st</sup> Stage Contract for the design of refurbishment, remodelling and extension works for Pentrehafod Comprehensive School be awarded to Tender No. 1 under the agreement that following the contract award the contractor must obtain planning approval and all risks associated with not achieving planning approval are those of the contractor, and subject to confirmation of the grant and entering into a contract (subject to planning approval) with Welsh Government and,
  - c. That the Cabinet Member for Education be authorised to approve the award of the stage 2 construction contract for the new school Pentrehafod School, subject to the granting of planning permission for the main works, and subject to confirmation of grant and contract with Welsh Government.
  - d. The Head of Legal and Democratic Services is authorised to enter into any necessary documentation required to complete the contract and achieve the scheme.
  
- 2) A detailed Cabinet Report on the total costs for the scheme and outcomes of the EIA report will be submitted in late 2016 for information prior to any construction works being carried out.

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**Access to Services Officer:** Sherill Hopkins

## **1.0 Introduction / Background**

- 1.1 The Strategic Outline Programme (SOP) detailing the re-organisation and investment need for Schools across Swansea was submitted to the Welsh Government in 2010.
- 1.2 In December 2011 further approval in principle was granted by the Welsh Government to proceed with the schemes outlined within “Band A” of the programme subject to contract and a Local Authority contribution of 50% towards the overall costs.
- 1.3 In line with Welsh Government programme requirements the Capital Budget and Programme 2013/14 to 2019/20 provides an outline spending profile for the early priority schemes, totalling £51m. Included within this first phase of priority projects are refurbishment and remodelling works for Pentrehafod School, with a provisional budget of £12.720 million.
- 1.4 Subject to the successful approval of the final business case the Authority will enter into a formal contract with the Welsh Government which will form a binding agreement with the City & County of Swansea (CCS).

## **2.0 Description of Schemes**

### **Pentrehafod Comprehensive School**

- 2.1 The scheme aims to provide the pupils and staff of Pentrehafod Comprehensive School with a safe, sound and fit for purpose school environment.
- 2.2 The phased programme of works will include the refurbishment of existing buildings, curriculum remodelling and the extension of buildings to replace the demountables which are no longer fit for purpose.
- 2.3 The finished school will also provide a 2 classroom extension for PACE pupils alongside the existing changing rooms. This is in line with Schools Challenge Cymru funding awarded to the school in 2014 and deferred to 2016 in order to support the wider strategy for the school site. This facility will be available to the community out of school hours.
- 2.4 The phased works will also include the refurbishment of the changing rooms and existing red gravel area into an all-weather pitch which will be available to the community out of school hours.
- 2.5 The proposals also include for the demolition of the existing demountable buildings on the school site.

## **3.0 Procurement**

- 3.1 Initial outline design to RIBA Stage 2 has been carried out to date for the Pentrehafod refurbishment project which has resulted in agreed

indicative floor plans and accommodation schedule. The next stage of detailed design will take these projects to RIBA Stage 4 where drawings will be submitted for planning permission.

- 3.2 First stage tenders were invited, as part of a two stage process, under the terms and conditions of the SEWSCAP Framework Agreement. The tendering exercise was undertaken in November 2015. All five tenderers expressed a wish to tender.
- 3.3 Prior to the full scheme being approved the Authority must proceed with detailed scheme design and submit a planning application for the scheme with the chosen contractor in order that the main build can proceed in Autumn 2016.

#### **4.0 Equality and Engagement Implications**

- 4.1 A full EIA report has been drafted for the scheme. The draft will continue to be considered (and further developed if necessary) during the planning stage and reported to Cabinet prior to any construction works being carried out.

#### **5.0 Financial Implications**

##### **Capital**

- 5.1 In line with the QEd Programme requirements the Capital Budget Programme 2013/2014 to 2019/20 provides an outline spending profile for the early priority schemes totalling £51m. Included within this first phase of priority projects are the phased works at Pentrehafod Comprehensive School.
- 5.2 The total budget for the overall refurbishment scheme will be £12.72 million. This will be awarded as follows:  
First Stage Contract Award = £392,000  
Second Stage Contract Award = £12.328 million
- 5.3 Once the final design has been completed for the scheme, a detailed Cabinet Report on the costs will be submitted for information prior to any construction works being carried out.
- 5.4 The Welsh Government grant has not been formalised and signed with the Welsh Government. Until this contract is signed, any ongoing design costs will need to be met from the Authority's own resources but it should then form part of the Authority's 50% local contribution towards the schemes.

## **6.0 Legal Implications**

- 6.1 This report is seeking authorisation in relation to the FPR7 element of the works and to procure the Contractor, as outlined in Part B of this report.
- 6.2 A detailed cabinet report on the total costs for the scheme and outcomes of the EIA report will be submitted in late 2016 for information prior to any construction works being carried out.
- 6.3 The grant/funding agreement with Welsh Government is likely to contain conditions which are legally binding upon CCS. The Authority will need to ensure that it is able to comply with the same.

## **PART B - APPOINTMENT OF CONTRACTOR**

### **1.0 Introduction**

- 1.1 The Authority wishes to appoint a Contractor from Lot 5 of the SEWSCAP 2 Contractor Framework to become involved and provide the benefit of his construction experience to work collaboratively with the Authority and develop the scheme, to professionally manage the detailed design and obtain required planning permission and co-ordinate the procurement of the sub-contract works packages. Upon agreement of the Contractor's Proposals and Activity Schedule, the Contractor will be appointed to execute the works to completion.

### **2.0 Description of the Scheme**

- 2.1 The Works shall comprise all necessary pre-construction services together with the design and extension, remodelling and refurbishment of the existing school with all associated temporary works, external works, drainage, services and related off-site highways adjustments.

### **3.0 Tender Process**

- 3.1 A mini tendering exercise was undertaken inviting bidders from the SEWSCAP 2 Contractor Framework. All five Framework contractors expressed a wish to tender.
- 3.2 First stage tenders were invited, as part of a two stage process, under the terms and conditions of the Framework Agreement.
- 3.3 During the Tender period email clarification responses were sent out in response to Tenderers' queries. These responses were required to be incorporated into submitted tenders.

- 3.4 All five tenders were returned and opened in accordance with the Authority's Contract Procedural Rules by Legal and Democratic Services on 7<sup>th</sup> December, 2015.
- 3.5 The first stage commits the Authority to accepting a pre-construction fee from a contractor to work collaboratively with the Authority to reach a firm price tender for the project at the second stage.
- 3.6 The following Contractors tendered (enumerated in order of opening):
1. Morgan Sindall Ltd.
  2. Willmott Dixon Ltd.
  3. BAM Construction Ltd.
  4. Interserve Construction Ltd.
  5. Kier Construction Ltd.

Each tender was arithmetically checked and the tenders received from Interserve Construction Ltd and Kier Construction Ltd were correct.

The tender submitted by Morgan Sindall Ltd. contained an error in that the Direct Fee percentage was applied to the Net Project Cost, Preliminaries and Fees, rather than just the Net Project Cost as detailed within the Works Information. This has the effect of reducing the tender by £35,557.00.

The tender submitted by Willmott Dixon Ltd. contained an error relating to the Direct Fee percentage. A Direct Fee percentage of 2.75% was included in B-Q.10A & 10B to cover Overheads and Profit, whereas the percentage should be 0% as included in B-Q.12 and the SEWSCAP 2 Framework. This has the effect of reducing the tender by £254,793.00.

The tender submitted by Bam Construction Ltd. contained an error in that the Direct Fee percentage was applied to the Net Project Cost, Preliminaries and Fees, rather than just the Net Project Cost as detailed within the Works Information. This has the effect of reducing the tender by £35,301.00.

All errors were communicated to the relevant contractors and confirmation received from the contractors by email of their acceptance to the amendment of the errors.

All tenderers are technically capable of carrying out the works to the standards required, to our programme and to meet our Health and Safety requirements.

All tenders have been obtained and evaluated in line with Contract Procedure Rules.

### 3.7 Summary of Scoring

		<u>Quality</u>	<u>Price</u>	<u>Total</u>
1.	Morgan Sindall Ltd	1530	1921	<b>3451</b>
2.	Willmott Dixon Ltd	1512	1485	<b>2997</b>
3.	Bam Construction Ltd	1390	1738	<b>3127</b>
4.	Interserve Construction Ltd	1597	1664	<b>3261</b>
5.	Kier Construction Ltd	1605	1754	<b>3359</b>

All scoring is set out in the appendices, showing the overall Tender assessment and the breakdown of the Quality scoring.

### **4.0 Financial Implications**

4.1 The overall project budget for stages 1 and 2 is £12.72m. The tender for stage 1, pre-construction work of £392k can be met by this approved budget for works. Any variations or additions will be funded within the approved tender price with value engineering undertaken if required.

### **5.0 Legal Implications**

5.1 The Responsible Officer is satisfied that the tender process has been conducted in accordance with the EU Public Contract Regulations and Contract Procedure Rules and the award is recommended for approval on that basis.

5.2 Any contractual liabilities/obligations with the successful tenderer will be covered by appropriate contract documentation to be prepared and approved by the Head of Legal and Democratic Services.

5.3 The contract and offer of grant funding from Welsh Government will contain conditions which are legally binding. The Authority will need to ensure that these conditions are reasonable and that it is able to comply with the same.

5.4 Once the Pre-Construction stage is complete, a further Contract Award Report will be submitted to senior officers and the relevant Cabinet Member to award stage 2.

**Background Papers:** None.

**Appendices:** Appendix A – Financial Implications: Summary

## Appendix A -

**FINANCIAL IMPLICATIONS: SUMMARY**Portfolio: **EDUCATION**Service: **COMPREHENSIVE EDUCATION**

Scheme : <b>Pentrehafod Comprehensive School</b>						
<b>1. CAPITAL COSTS</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>TOTAL</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<u>Expenditure</u>						
Stage 1: Design Costs	131	261				392
Stage 2: Construction Costs (including Challenge Cymru)		4,250	5,134	147		9,531
Fees	30	1,382	1,385			2,797
<b>EXPENDITURE</b>	<b>161</b>	<b>5,893</b>	<b>6,519</b>	<b>147</b>		<b>12,720</b>
<u>Financing</u>						
CCS funding	161	1,426	4,581	147		6,315
WG grant		4,317	1,938			6,255
Challenge Cymru		150				150
						0
<b>FINANCING</b>	<b>161</b>	<b>5,893</b>	<b>6,519</b>	<b>147</b>		<b>12,720</b>
<b>2. REVENUE COSTS</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>FULL YEAR</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<u>Service Controlled - Expenditure</u>						
						0
Employees	) NA	) NA	) NA	) NA		0
Maintenance	) NA	) NA	) NA	) NA		0
Equipment	) NA	) NA	) NA	) NA		0
Administration	) NA	) NA	) NA	) NA		0
<b>NET EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>