



## Report of the Cabinet Member for Education Improvement, Learning and Skills

Special Cabinet - 7 May 2020

### **Second Stage (Construction) FPR7 Contract Award and Associated Capital Programme Authorisation for the Remodelling and Refurbishment Project at Bishopston Comprehensive School**

**Purpose:**

- To approve and commit to the Capital Programme, in accordance with Financial Procedure Rules, the project with revised costs for the remodelling and refurbishment of Bishopston Comprehensive School subject to confirmation of grant and contract with Welsh Government.
- To seek authorisation to award the second stage contract to Kier Western Ltd, subject to confirmation of grant and contract with Welsh Government.
- To seek authorisation to commit a total of £13,808,024.29 to the capital programme to fund the construction phase costs.

**Policy Framework:**

- QEd Programme and Strategic Outline Programme for Band B of the 21<sup>st</sup> Century Schools and Colleges Programme
- The Corporate Plan
- Contract Procedure Rules and Financial Procedure Rules
- The Capital Budget & Programme 2019/20 to 2024/25 approved by Council on 5 March 2020.

**Consultation:**

Access to Services, Finance, Legal, Corporate Building Services, Corporate Property Services, Procurement.

**Recommendation(s):**

It is recommended that:

- 1) The second stage contract for the remodelling and refurbishment at Bishopston Comprehensive School be awarded to Kier Western Ltd, subject to confirmation of grant and contract with Welsh Government.
- 2) The capital scheme as detailed together with the financial implications is approved in line with FPR7, subject to confirmation of the grant and contract with Welsh Government.

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## 1. Introduction

- 1.1 A joint strategic outline / outline business case (SOC/OBC) was approved by Welsh Government in February 2019.
- 1.2 A Contract Award report and Financial Procedure Rule 7 (FPR7) report was presented to Cabinet on the 20 June 2019, recommending that the contract be awarded to Kier Western Ltd, and that £596,179 be committed to the capital programme to fund the development of the project and associated design fees.
- 1.3 Further approval was given under a Delegated Powers Report in January 2020 to commit a total revised sum of £673,560 to the capital programme to address additional elements of work; the design for the new modular block, tree removal works and instruction fees for incoming services.
- 1.4 Planning consent for the project was obtained on 19 March 2020.
- 1.5 The project team have worked with the successful stage 1 contractor, Kier Western Ltd, to develop the scheme design, followed by a market testing exercise and leading to an offer by Kier Western Ltd for the stage 2 contract. This report seeks to award the Stage 2 contract to Kier Western Ltd.
- 1.6 A Full Business Case (FBC) will be submitted to Welsh Government (WG) in April 2020, with ministerial outcome due in May 2020.

## 2. Background

- 2.1 The Welsh Government formally confirmed on the 7 December 2017 that the envelope for Band B of the Council's 21<sup>st</sup> Century Schools and Colleges / QEd Programme was approved in principle with an estimated programme envelope cost of £149.7 million, since amended to £149.5m, to reflect the reciprocal increase in the Band A programme. This is subject to the approval of individual project business cases.
- 2.2 The approval in principle of the Strategic Outline Programme for Band B does not commit the Council, since the final approval of any capital allocation from

the Welsh Government is subject to the submission of further detailed business cases in respect of each specific project.

2.3 Swansea Council's Quality in Education (QEd) / 21<sup>st</sup> Century Schools and Colleges Band B Programme focuses on an investment need which reflects the challenges remaining across our schools. The Band B programme remains consistent with local policies, priorities and commitments, as well as the priorities and specific criteria set down by the WG as follows:

- To provide an efficient and effective educational infrastructure that will meet current and future demand for places by 2024
- Ensuring the right size schools in the right location, with enough places to deliver Welsh and English medium education, whilst ensuring effective and efficient use of the educational estate
- Reducing backlog maintenance costs by at least 50% whilst improving any category C or D condition buildings to A or B

2.4 The Council's 21<sup>st</sup> Century Schools and Colleges Programme Capital Expenditure & Financing 2018/19 to 2024/25 provides an outline spending profile for the priority projects. Included within this phase of priority projects is English-medium secondary schools, which aims to address the significant condition and suitability needs across a number of sites which are well beyond the scope of the Council's annual structural maintenance programme. Works will need to be phased across Bands B, C and D reflecting the level of funding available, prioritising the areas of greatest need.

2.5 Bishopston Comprehensive School is the first of those projects and at SOC / OBC stage the total estimated cost of the project was £11,865,981 from the Band B programme. The cost estimate was revised at stage 3 design stage prior to pre-market testing to £12,446,356, and this report at stage 4 design and following market testing is now seeking approval to commit £13,808,024 to the capital programme, of which £13,515,393 is to be funded from the Band B programme, and £292,630 is to be funded from additional available funding. This is explained in more detail later in the report, and the changes to the cost plan are explained in more detail in the Financial Implications.

### **3. Description of the scheme**

3.1 The proposed scheme includes the refurbishment and remodelling of the existing Phase 1, 2 and 3 buildings, together with a two-storey extension to replace the demountables that are no longer fit for purpose and address the accommodation deficiencies, plus a single-storey extension to create a new reception area.

3.2 It does not include the relatively recently constructed Specialist Teaching Facility, and is not intended to result in a change to the capacity of the school.

3.3 Since the approval of the SOC / OBC approval was given to a planning application for a nearby development which will result in an additional 10 pupils based on the calculation derived from the Supplementary Planning

Guidance. A s.106 contribution which has to date been paid in part, requires an increase in capacity of 10 pupil places, and so the scope has been revised to reflect this. Insurance has also requested that security fencing is included in the scope, and provided that this incorporates the primary school site, Insurance will make a contribution of 50% of that total cost.

- 3.4 The external site arrangements and opportunities to make improvements to the traffic management are still under review and are therefore represented by provisional sums in the estimated cost plan.
- 3.5 The indicative project timeline has been revised to reflect the current progress, which has been better than originally planned and has caught up on some of the time lost due to the delay in awarding the first stage contract. This is summarised below;

Milestone	Start Date	End Date
FPR7 Stage 2 – Construction	30/04/2020	14/05/2020
FBC Completion / Economic Case Review	30/04/2020	29/05/2020
Demolition Period	Jun 2020	Jul 2020
Construction of new build period (phase 1 and 2)	Jul 2020	Jun 2021
Remodelling / refurbishment (main building)	Dec 2020	Sep 2022
Transition / Occupation	Sep 2022	Oct 2022

- 3.6 The projected timeline is **subject to** Cabinet approval of this FPR7 and contract award report, and the timely consideration of the full business case and approval by WG.
- 3.7 It is further subject to the stage 2 contract award to Kier, and no external influences arising from the Covid-19 risks and issues impacting on progress. The project team including the contractor have continued to progress the project to plan, working remotely. However, if this is affected, if supply chain risks emerge, or lockdown restrictions affect a start on site then this may change.
- 3.8 Critical to the timeline of phased works is the installation of the modular building, which cannot be undertaken whilst the school is fully operational. It was originally planned to utilise the summer holiday period for this and so if this window is lost, the phased timeline will be compromised. Whilst the school is not operational at the moment it is being used as an emergency childcare setting, and as such has much lower occupancy levels. As a consequence, opportunities to utilise the pre-summer holiday period will be explored.
- 3.9 The installation of the modular block is planned as the first phase of the works, so that once completed the modular block is available as additional classroom space to help manage the further phases of work.

- 3.10 The contractor, Kier, have procured the design phase of the modular block from the sub-contractor, so that the modular block can then be ordered by the principal contractor following Cabinet approval and WG contract award in time to secure installation in August 2020.
- 3.11 In addition, tree work has also been undertaken at the site prior to nesting season, which has involved the felling of 10 trees. This work was necessary to allow for the new extension teaching block and the new extension reception area. New planting is planned which will include replacing the existing trees with a minimum of 20 trees that are of equivalent or greater value. The timing of the tree work is planned so that it is undertaken at the most appropriate time of year taking account of the climate, nesting and planting seasons.

#### **4. Objectives of Project**

- 4.1 The programme of works has been prioritised to address the areas of greatest need, and are to;
- a) Provide a fit for purpose 21<sup>st</sup> Century learning environment for pupils and staff at Bishopston Comprehensive in line with BB98 guidelines and with improved accessibility, and safeguarding infrastructure by September 2022
  - b) Continue to at least maintain attainment levels
  - c) Reduce structural backlog maintenance by September 2022
  - d) Remove condition category C- by September 2022
  - e) Improve building efficiency, maximising use of assets, improving operational efficiency and use of all relevant resources by September 2022

#### **5. Procurement**

- 5.1 This project was procured through a two-stage procurement process utilising the South West Wales Regional Contractors Framework (SWWRFCF) via a mini competition to procure a contractor to develop the design and carry out the construction works. Stage one included the carrying out of all necessary surveys, obtaining required reports and investigations and developing the initial design to obtain planning permission and building regulations approval. At this point the contractor tendered the works packages and provided the Council with a final offer for the stage 2 works. Stage two is the period when the contractor undertakes the construction works, which in this case will be carried out in phases to minimise disruption to the operation of the school.
- 5.2 A Contract Award / FPR7 Report was presented to Cabinet on 20 June 2019 recommending that the Stage one contract be awarded to Kier Western Ltd.
- 5.3 Following design freeze in December 2019, Kier commenced the process of costing the approved, signed off scheme. Tenders were obtained from a minimum of three sub-contractors for each work package and all tenders were submitted to the project team for scrutiny. Following assessment and

evaluation of the sub-contractors' tenders, recommendations relating to sub-contractor appointments were approved by the project team. The final works cost of £12,725,395 was agreed with Kier on 17 April 2020.

## **6. Financial Implications**

### **Capital**

- 6.1 WG funding for Band B of the 21<sup>st</sup> Century Schools Programme is being provided through £600m capital and £500m revenue funding for the whole of Wales. It is proposed that the specific proposal within this report is funded from traditional capital streams. It was announced by Welsh Government on the 21 November 2018 that for Band B the grant rate for capital projects will be increased to 65%. (The intervention rate for special schools and PRUs will be increased to 75%). However, the programme envelope remains the same.
- 6.2 The total estimated cost at FBC stage of the new build for Bishopston Comprehensive School is £13,808,024, with £13,515,393 against the overall Band B programme envelope of £141.3m (excluding the potential aided sector project, which is assumed to require no Council contribution). This would require a local contribution of £4,730,387 from the overall net funding requirement based on a 35% contribution, and a 65% WG contribution of £8,785,005. Additional funding of £292,630 will facilitate an increase in capacity of 10 places through a s.106 contribution of £158,480 and a 50% contribution of £134,150.50 towards external fencing provided by Insurance.
- 6.3 As explained earlier in the report, at SOC / OBC stage the total estimated cost of the project was £11,865,981 from the Band B programme. The cost estimate was revised at stage 3 design stage prior to pre-market testing to £12,446,356, and this report at stage 4 design and following market testing is now seeking approval to commit £13,808,024 to the capital programme, of which £13,515,393 is to be funded from the Band B programme, and £292,630 is to be funded from additional available funding.
- 6.4 At SOC/OBC stage the cost estimate was based on the WG rate for new build, and estimated rates for the remodelled and refurbished areas considering previous projects.
- 6.5 At this stage the average rate per square metre is £1,845. This is less than the rate supplied by WG for a medium refurbishment and includes two extensions for which the WG rate would be £2,775 for the start of Band B in 2019.
- 6.6 The cost increase from SOC / OBC stage can be attributed in part to the additional scope items attracting additional funding of £292,630.
- 6.7 The change since the stage 3 cost plan following market testing includes an additional;

- £555k for mechanical and electrical installations including sprinkler works
- £225k for roof coverings, and
- £147k for ground works including sustainable drainage requirements.
- £150k provisional sum for car/bus parking alteration works

There are a large number of other cost changes following the Stage 3 and Stage 4 design development, some of which resulted in cost savings and others which resulted in cost increases.

- 6.8 A value engineering exercise has been undertaken, which resulted in a small reduction in the original cost following market testing.
- 6.9 The final approval of the capital allocation from WG is subject to the approval of a Full Business Case (FBC) and WG contract award.
- 6.10 Optimism bias (OB) has been applied in accordance with the lessons learned from delivery of Band A and based on assessment of outstanding project risks/unknowns. In this case the risks to the project timeline due to Covid-19, are reflected in a higher than normal OB for a project at this stage. Every effort is being made to avoid the realisation of these risks so that in turn the level of OB will not be required. However, at this stage given the level of uncertainty that exists it is only prudent to properly reflect these risks in the OB assessment.
- 6.11 The total pre-construction phase costs of £673,560 were committed at risk and if this final scheme is approved will be offset against the total project cost, and form part of the Council's 35% contribution, and are therefore included in the total estimated project cost.
- 6.12 The Financial Implications are set out in Appendix 1 and the cost breakdown is summarised below;

	<b>Expenditure</b>	<b>£</b>
1	Main contractor (pre-construction & construction)	£12,725,395
2	Direct costs (fees & surveys)	£30,240.32
3	Legal costs	£5,000
4	Digital Learning	£35,000
5	Decant	£50,000
6	CBS fees	£140,000
7	Education Fees	£80,000
8	Furniture	£84,864
	<b>Total</b>	<b>£13,150,499.32</b>
9	Optimism bias @ 5.00%	£657,524.97
	<b>Total</b>	<b>£13,808,024.29</b>

## **Revenue**

- 6.13 Schools are funded from an overall delegated budget – the Individual Schools Budget (ISB). There is a funding formula that allocates a budget share to each individual school from the ISB. The floor area of the school is likely to increase and this will result in an increase of budget share.
- 6.14 The existing backlog maintenance £3,326,744, which will be a mix of both capital and revenue costs, would be significantly reduced.
- 6.15 There will be an increase in business rates, energy costs and cleaning etc due to the increase in floor area, however the refurbished and new buildings would be more energy efficient.

## **7. Legal Implications**

- 7.1 The South West Wales Regional Framework led by Carmarthenshire County Council has been established in accordance with EU legislation. The Contract Award is recommended for approval in accordance with the Council's Contract Procedure Rules.
- 7.2 Any contractual liabilities/obligations with the successful tenderer will be covered by appropriate contract documentation to be prepared and approved by the Chief Legal Officer.
- 7.3 The Council must ensure that it complies with the terms and conditions of any offer of grant funding issued by WG.

## **8. Well Being of Future Generations**

- 8.1 As part of this process we have also considered the Well-being of Future Generations Act. The Act ensures that public bodies think more about the long term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach.
- 8.2 Band B of the 21<sup>st</sup> Century Schools and Colleges Programme is based upon a consistent and objective assessment of each sector and school catchment, reviewing current pupil numbers and capacities with projected future demand for places and also the number of pupils nearest to each School. This has demonstrated that there is a continued and sustained need for the English-medium secondary school in this location.
- 8.3 All projects have a communication plan, which is reviewed regularly. This includes the engagement strategy; in this case there has been extensive engagement with the other site users Cultural Services and Freedom Leisure, and the team are also working closely with the Specialist Teaching Facility Manager to ensure that other agencies and support are fully engaged.



- 8.4 The school (governors, head, staff, pupils, parents) have been fully engaged since project inception, and this will continue throughout the lifecycle of the project to ensure that the views of stakeholders are fully taken into account.
- 8.5 This project is a good example of where the Council is seeking to incorporate the flexible and multiple use of assets. The site is already a mixed-use site, however working closely with Cultural Services and Freedom Leisure, the project should support that mixed-use, to the benefit of the school and the community.
- 8.6 The scope of the project includes to improve accessibility, safeguarding and security, improve energy efficiency, reducing CO2 emissions and enhancing the learning environment.
- 8.7 The project will also be subject to community benefits targets, which will include;
- STEAM Engagement target of 150 hours per million investment.
  - Provide opportunities for NEETs and Long Term unemployed (benchmark of one FTE per million per construction project)
  - Jobs created (52 weeks per million investment on each construction project)
  - 25 person training weeks provided per million investment
  - 1 apprentice per million investment per construction project.
  - 85% of waste diverted from landfill
  - Max 10 tonnes waste per million

## **9. Equality and Engagement Implications**

- 9.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 9.2 A full Equality Impact Assessment has been undertaken (Appendix 2), and it shows that this project will have a positive impact on;
- 9.3 Age – Bishopston Comprehensive School is a school for pupils aged 11-16 years. This project will have a very positive impact on the Education of all 11-16 year olds who attend the school in the future

- 9.4 *Disability* – The design, delivery and implementation of this project has taken full consideration of the social model of disability, which recognises that people are disabled by the barriers of society (e.g. physical, environmental, organisational, and attitudinal, communication, etc.) rather than by any physical condition. The design of the new buildings and the running of the school in the future will ensure that all the pupils and staff can make the most of their new environment.
- 9.5 *Welsh* – All public signage within the school will be bilingual.

### **Background Papers:**

Capital Budget & Programme 2019/20 to 2024/25 approved by Council on 5 March 2020.

Quality in Education (QEd) – Emerging Proposals and Investment Priorities for the next band of the 21<sup>st</sup> Century Schools Programme - Cabinet 20 July 2017

Delegated Powers Report to Cabinet Member for Education, the Chief Education Officer, the Head of Financial Services, and the Head of Legal, Democratic Services and Business Intelligence - 20 February 2018 - Band B – Progression of early projects to Full Business Case

FPR7 Report to Cabinet – 21 March 2019 - First Stage (Construction) Contract Award and associated Capital Programme Authorisation for the Remodelling and Refurbishment Project at Bishopston Comprehensive School

FPR7 Report to Cabinet - 20 June 2019 - First Stage (Pre-Construction) Contract Award and associated Capital Programme Authorisation for the Remodelling and Refurbishment Project at Bishopston Comprehensive School

FPR7 Delegated Powers Report to Cabinet Member for Education Improvement, Learning and Skills, the Director of Education, the Chief Finance Officer, and the Chief Legal Officer - 21 January 2020 - Capital Programme Authorisation for additional elements of work during the First Stage (Pre-Construction) of the Remodelling and Refurbishment Project at Bishopston Comprehensive School

### **Appendices:**

Appendix 1 Financial Implications

Appendix 2 Equality Impact Assessment



