

Procurement Strategy for the construction of a new 'post-16' Block at Pudsey Grammar School

Date: 12th March 2024

Report of: Project Manager, Projects & Programmes, City Development

Report to: Chief Officer Resources & Strategy, Children & Families

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- In accordance with Contract Procedure Rule 3.1.7 this report seeks to undertake a procurement exercise, in-line with the parameters detailed herein, for the award of a construction contract for the delivery of a 'post-16' teaching block at Pudsey Grammar School. This project is subject to a previously secured grant funding allowance from the Department of Education and is being delivered by Pudsey Grammar School in partnership with Leeds City Council's Projects & Programmes Team on behalf of Childrens & Families.
- In accordance with Contract Procedure Rule 3.1.6 it is proposed to utilise the YORhub suite of framework agreements for the procurement proposal detailed herein. Specifically, Lot 2 of the 'YORbuild 3 Minor Works Framework'. An 'expression of interest' exercise has been conducted with the contractors within this lot, wherein 3 of the possible 12 contractors advised that they would be interested in bidding for the project once the tender was published.
- It is proposed that a mini competition is undertaken on Lot 2 of the 'YORbuild 3 Minor Works Framework', with submissions subject to a 'price' and 'quality' review at a weighting of 60% on price and 40% on quality. The quality criteria are noted in section 3.0 of this report and the submitted bids will be subject to a client-side review and scoring panel, consisting of appropriate members of the design and delivery team. Including representatives from Leeds City Council's Projects and Programmes team.
- The scheme will be fully designed and tendered as a single stage JCT 'design and build' contract, recommendations on tender award and associated financial approvals will be subject to a separate, future 'design and cost and tender award' report.

Recommendations

The Chief Officer Resources & Strategy, Children & Families is recommended to:

- a) Approve the completion of a formal tender exercise for the selection of a construction contractor to deliver the Pudsey Grammar School 6th Form Block project via Lot 2 of the 'YORbuild 3 Minor Works framework'.
- b) Approve the procurement methodology and evaluation & scoring criteria set out in section 3.0 of this report, in accordance with Contract Procedure Rule 15.
- c) Note, the new 'post-16' block at Pudsey Grammar School is subject to a funding grant from the Department for Education and has a target spend date of 31st March 2025. The project is currently anticipated to handover the new accommodation in-line with this deadline.
- d) Note, this report does not constitute a financial commitment to the Authority. A future 'Design Cost Report and Tender Acceptance Report' will follow upon completion of the tender exercise, detailed herein, should an appropriately qualified bid be selected.
- e) Note, the responsible officer for implementation is the Head of Service, Learning Systems and the Head of Project & Programmes.

1.0 What is this report about?

- 1.1. In accordance with Contract Procedure Rule 3.1.7, this report seeks approval to undertake a procurement exercise for the appointment of a construction contractor to deliver the new 'post-16' block at Pudsey Grammar School, to be funded by a Department for Education grant.
- 1.2. The scheme is subject to a full design, undertaken by AHR Building Consultancy Limited (AHR) under a separate approval, and as such it is proposed to undertake an open competition, single stage procurement via Lot 2 of the 'YORbuild 3 Minor Works Framework'. The works will be scored on a 'price' and 'quality' basis, with a view to awarding a JCT 'Design & Build Contract' to the highest scoring tenderer. This approach is in-line with Contract Procedure Rule 3.1.6.
- 1.3. Approval is sought for the proposed evaluation and scoring methodology outlined in section 3.0.

2.0 Background

- 2.1. In May 2023 the Department for Education (DfE) awarded a grant of £3,997,942 for the design and build of a 'post-16' block at Pudsey Grammar School (PGS). The estimate construction costs are subject to review but are anticipated to be circa £3.3m, and wholly funded from the DfE grant allowance. Inclusive of all supporting costs, staffing resource and associated PFI fees.
- 2.2. As Pudsey Grammar School is a PFI facility, built under the 'Building Schools for the Future' programme, the development was originally intended to be delivered via the Special Purpose Vehicle (SPV) who operate the PFI contract. The SPV appointed AHR Building Consultancy Limited (AHR) to provide multi-disciplinary consultancy services to the project, including initial development of the design concept required as part of the bidding process and subsequent development of this following award of the grant. However, in June 2023 a decision was made to transfer responsibility for the development from the SPV to Leeds City Council. With project support being provided from the Projects & Programmes team, focusing principally on management of the grant funding to ensure the maximum amount is attributable to the project works.
- 2.3. Given AHR's involvement in the scheme via the PFI SPV, coupled with the tight deadline stipulated by DfE funding rules, they were moved across from the SPV and contracted direct by Leeds to continue the development work following a tender process via the Fusion 21 framework. AHR have continued to provide design development services on the project and will work with the client-side commercial team to develop the tender package. A fully designed solution will be tendered as part of a single stage 'design & build' contract award.
- 2.4. The planning application for the project was submitted on the 20th December 2023 and has a targeted determination date of 28th February 2024. Planning determination remains outstanding, the tender will only be undertaken once planning permission has been acquired.
- 2.5. Following completion, the 'post-16' block will provide a new two storey block comprised of eight new dedicated 'post-16' classrooms, ancillary study space, associated welfare, office provision and a new double height social / open-plan learning area. With the new building to be located on redundant sports pitch area adjacent to the existing modular buildings on the school field. It will be connected to the existing school via a secure footpath and will be separated from the main curriculum building via a public right of way. The new block will allow for release of over subscribed space within the main building and create a dedicated base for the 'post-16' cohort.

2.6. An 'expression of interest' pro-forma, including specific queries sought from the market and an overview of the project parameters was issued to the 'YORbuild 3 Minor Works Framework' contractors on the 15th February 2024. Of the 12 contractors in this lot 3 returned a positive response to the proposal.

3.0 Procurement Methodology & Evaluation Criteria

3.1. Due to the scale and technical complexity of the project it is not possible to utilise the internal service provider in this instance, as required under Contract Procedure Rule 3.1.4. Consequently, it has been deemed appropriate to procure the project via Lot 2 of the 'YORbuild 3 Minor Works Framework' to ensure the necessary expertise is secured.

3.2. As per Contract Procedure Rule 3.1.5, it was also explored if there was an exclusive supplier arrangement in place for such services and there is not.

3.3. In accordance with Contract Procedure Rule 3.1.6 the project intends to utilise the YORhub suit of framework agreements, specifically Lot 2 of the 'YORbuild 3 Minor Works Framework'. The procurement will take the form of a single-stage tender, with the project awarded as a JCT 'Design and Build' contract.

3.4. The proposed outline competition methodology is detailed below, this process will follow the requirements outlined in Contract Procedure Rule 15:

a) Officers from LCC Procurement & Commercial Services will administer the procurement process, answer enquiries from bidders following the provision of supplementary information from consultancy team via the Projects & Programmes lead.

b) Bidders will be invited to submit a tender and members of the evaluation panel will evaluate and score the information that has been submitted. The evaluation panel will be comprised of the officers from Projects & Programmes, with the representatives from the client-side consultancy team, AHR and WT Partnership, assisting in an advisory capacity should any technical questions arise during the evaluation process.

c) Tender submissions will be assessed 60% on price and 40% on quality, with the contract being awarded to the tenderer who submits the most economically advantageous return. This price and quality percentage split is in accordance with the YORbuild3 Minor works framework mini-competition rules as required under CPR 15.2.

3.5. Each bidder will be assessed against a range of set 'quality' questions scored on a 0 to 10 basis, with zero being 'unacceptable' and 10 'outstanding'. A maximum of 400 points is available for the 'quality' assessment, equating to 40% of the overall points available.

3.6. Tenderers will then be evaluated on 'price'. The lowest cost bid will secure the maximum 600 points and the remaining tenderers will receive scores proportionate to their price deviation from the lowest cost bid.

3.7. Overall quality (40%) and price (60%) scores will be combined to create a total score, the highest scoring tenderer then recommended for appointment. Final award will be subject to a separate, future 'design cost report and tender report'.

3.8. Appropriate social value criteria will be aligned to the project in consultation with the PACS team.

3.9. The draft timetable for procurement is summarised in section 10.3 of this report.

4.0 What impact will this proposal have?

- 4.1. The proposal outlined herein will allow the Council, acting for Pudsey Grammar School, to award a construction contract for the delivery of the new grant funded 'post-16' block on the school campus. This will result in a dedicated 'post-16' block at the school and the release of over subscribed existing spaces for wider Key Stage 3 and 4 curriculum functions.

5.0 How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 5.1. The provision of the new 'post-16' block will provide the school with a modern facility that will enhance the health and wellbeing of pupils. This new building is designed for a 'post-16' curriculum and includes dedicated learning and social spaces, the building is standalone from the main school building, creating separation from the younger key stages. In addition, the new accommodation will release over-subscribed spaces within the existing main school block by moving the 'post-16' provision into a new dedicated facility. Thus easing current timetabling congestion for key spaces.
- 5.2. The design will utilise a 'fabric first' approach which will result in a highly insulated and high performing building. This will be supplemented with additional sustainability features, namely natural ventilation, and photovoltaic panels to the roof, resulting in a building which will be energy efficient with a low carbon footprint.
- 5.3. Consultants and contractors are required to deliver a Social Value commitment. This will involve using the local supply chain and local labour during the construction phase to ensure that growth in the city is inclusive and delivers benefits to all the people who live in our communities.

6.0 What consultation and engagement has taken place?

Wards affected: Pudsey		
Have ward members been consulted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

- 6.1. Consultation has taken place with between Pudsey Grammar School and the Pudsey ward members, in addition the Executive Member for Economy, Culture & Education has also been briefed on the proposal. This will continue through the design and delivery stages.
- 6.2. Ward members from Pudsey and neighbouring wards will continue to be briefed at appropriate stages in the project and updated on key milestones.
- 6.3. In addition, the school held a pre-planning public consultation on the proposals on the 22nd November 2023, constituting three sessions spread over the day to cover school drop-off, pick-up and the evening. The responses from the pre-planning consultation have been collated and addressed as part of the completion of the planning application package.
- 6.4. Procurement & Commercial Services, Legal and Children's Governance have been consulted in the development of this report.

7.0 What are the resource implications?

- 7.1. The estimated cost of the construction phase is £3.3m, with the project being funded through a grant from the DfE. The Authority are assisting with this project to ensure the grant funding can be fully utilised in delivering the new block, as such any overspend beyond the grant

figure remains a risk to the school as project sponsor. Consequently, value is being closely monitored and value engineering employed where necessary to ensure the scheme remains within financial tolerances.

7.2. It is anticipated that a mini-competition from Lot 2 of the 'YORbuild 3 Minor Works Framework' will help drive best value.

8.0 What are the key risks and how are they being managed?

8.1. The 'key risks' to the are summarised below:

a) Procurement Interest

There is a risk that there is insufficient interest from contractors to bid for the work, this is considered a relatively 'low risk' however and has been mitigated by issuing of a 'expression of interest' proforma to the contractors on Lot 2 of the 'YORbuild 3 Minor Works Framework'. Of the 12 contractors on the applicable framework 3 have provided a positive response on the project and a desire to bid for the work once the tender is published via the YORbuild portal. The response is in line with current market trends.

b) Programme

The grant funding issued by the Department for Education has an expiry date of 31st March 2025, as such it is essential that the project is progressed swiftly to ensure the funding is not lost. Both the development and procurement processes are cognisant of this and are tailored accordingly to ensure key performance targets are met. Approval of this procurement strategy constitutes a 'critical path' activity in ensuring programme is met.

c) Funding

Funding for the project is derived from the Department of Education grant and allows for a £3.3m construction figure. The consultancy team are working to ensure that the project remains within financial tolerances, as any overspend beyond the grant figure remains for the school to cover from their budget. Options for 'value engineering' and programme efficiency are being sought to ensure that the project remains on budget and within the grant funding allowance. Noting LCC has no financial commitment to this project in any capacity.

d) Planning

Whilst the planning application has been submitted, ref: 23/07443/FU, and has a now elapsed target date of 28th February 2024 for determination, its successful conclusion remains a key item on the 'critical path' programme. As the tender cannot be published until approval is granted and planning conditions are known and can be included in the tender package. The consultancy team are progressing this with the Planner to ensure all outstanding risks, issues and missing information is addressed in order to allow for a swift determination of the application. An element of 'float' has been allowed for within the programme to accommodate slight delays on this element and it is anticipated that the application will be determined in late March 2024. With a number of responses having been subsequently provided by the design team to mitigate concerns raised by statutory consultees.

e) PFI

The school site is part of a PFI provision and as such any approval to complete the works is subject to a deed of variation and associated approvals from the PFI SPV. This is being closely managed via the Council's PFI Contract Team to ensure all risk, programme and cost implications are known and allowed for both within the programme and overall project cost plan.

- 8.2. Risk has been managed through application of 'best practice' project management tools and techniques via the City Council's 'PM Lite' risk methodology. Project management resource from City Development is tasked with ensuring the project remains within the predetermined risk tolerances.
- 8.3. A project risk log will be developed with and will continue to be maintained and updated throughout the project. Escalation of risks that sit outside of the agreed tolerances will be managed via the Head of Projects and Programme, City Development.

9.0 What are the legal implications?

- 9.1. Following consultation with Procurement & Commercial Services (PACS) it was determined that Lot 2 of the 'YORbuild 3 Minor Works Framework' offered the most expedient route to market whilst targeting contractors in the most advantageous financial bracket for this scale of this project. This framework has been approved for use by the Council in accordance with CPR Clause 12.2. 'Expressions of interest' were issued to the contractors on this Lot, with a total of 3 responses received wherein the contractor expressed an intent to bid for the work once it was published for tender.
- 9.2. In accordance with Article 13.4.2 (b) of the Council's Constitution this report is not considered a 'Key Decision' as a "further report will be submitted for approval of the proposal before the Council is committed to proceed". On this basis it is to be progressed as a 'Significant Operational Decision', in-line with Contract Procedure Rule 9.7 relating to 'high value' procurements.

10.0 Options, timescales and measuring success

10.1. What other options were considered?

- 10.1.1. In accordance with the Contract Procedure Rule 3.1.4 utilisation of the Internal Service Provider (ISP) to complete the work was explored. It was determined that internal resource lacked the expertise to deliver a project of this scale and complexity. Particularly given the strict restrictions on programme due to the condition of the grant funding. As such it was determined that a contractor must be procured
- 10.1.2. The Council explored the use of alternative frameworks for the procurement of this commission. However, the 'YORbuild 3 Minor Works Framework' was selected due to the ability to target contractors by the financial value of the project in order to ensure a provider of appropriate scale and expertise. In this instance it was deemed beneficial to target 'small and medium enterprises' for the project to maximise value.
- 10.1.3. Delivery via the PFI contract was investigated but ultimately the PFI Special Purpose Vehicle declined the opportunity to deliver the project. As such the approach outlined in this report has been deemed the most appropriate delivery method to achieve 'value for money' and maximise the opportunity offered by the grant funding in full.

10.2. How will success be measured?

- 10.2.1. Success will be measured through the successful implementation of the procurement strategy within the project programme and delivery of the project in line with DfE grant funding conditions.

10.3. What is the timetable and who will be responsible for implementation?

- 10.3.1. Target key milestones and critical path programme dates are noted in the table below:

Milestone	Estimated Date(s)
Tender out	April 2024
Tender submission deadline	Mid-May 2024
Assessment & evaluation / Client review	Late May 2024
Approvals / Tenderers notified of outcome	Mid-June 2024
Contract awarded	June 2024
Mobilisation	July 2024
Construction period	July 2024 to March 2025
Completion	March 2025

10.3.2. The officer responsible for implementation is the Head of Service, Learning Systems.

11.0 Appendices

11.1. None.

12.0 Background papers

12.1. None.