



Report of the PPPU Project Manager

Report to the Director of Children's Services

Date: 29th July 2014

Subject: Decision Report: Little London Basic Need Project – Contractor enabling works #2



Capital Scheme Number: 16585/LIT/PH3

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Hyde Park & Woodhouse		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: 2 – Wates Cost Plan		

Summary of main issues

1. The Design & Cost Report for the delivery of the proposed Basic Need new build expansion of the Little London Primary School was approved by the Council's Executive Board on 25 June 2014. This gave approval to incur capital expenditure of £6,434.6k from capital scheme number 16585/LIT/000 for delivery of the project.
2. A separate Design & Cost Report was approved at the Executive Board on 25 June 2014 for delivery of a new build Community Centre and Neighbourhood Housing Office adjacent to the school. This gave approval to incur £677.7k from the General Fund Capital Scheme 32140/000/000 and £264.7k from the Housing Revenue Account.
3. The Community Centre and Neighbourhood Housing Office are being jointly procured with the Little London Primary School. The scheme is collectively known as the Little London Community Hub Programme
4. The Stage 2 tender for the Little London Community Hub was received from Wates Construction Ltd on 09 July 2014 with a total tender price of £6,251.7k. The tender came in over budget by £595.7k in comparison to Stage D costs submitted to Executive Board for authority to spend in June 2014.

5. Contract award for the scheme has been delayed while the project team carry out a value engineering exercise to bring the project within budget. It is the intention to let the main contract in mid-August and an Authority to Award is being drafted in preparation for this.
6. In the meantime, an early works agreement is required so that the scheme is able to remain on programme. This will allow the contractor to continue with refurbishment works at the school over the summer holidays to ensure that there are sufficient places for the increased number of pupils joining the school in September 2014 and to continue with design works for the new build extension required for September 2015.
7. The purpose of this report, therefore, is to seek approval from the Deputy Directory of Children's Services (Learning, Skills and Universal Services) to incur capital expenditure of £495.0k from capital scheme number 16585/LIT/PH3 to enable early works to be carried out prior to the main contract award for the proposed Basic Need new build expansion.

Recommendations

8. The Director of Children's Services is requested to authorise expenditure of £495.0k from capital scheme number 16585/LIT/PH3 to enable early works to be carried out prior to the main contract award for the proposed Basic Need new build expansion of Little London Primary School.

1.0 Purpose of this Report

1.1. The purpose of this report is:

- 1.1.1. To seek approval from the Director of Children's Services to incur capital expenditure of £495.0k from capital scheme number 16585/LIT/PH3 to enable early works to be carried out prior to the main contract award for the proposed Basic Need new build expansion of Little London Primary School.
- 1.1.2. To provide background information and detail to the Director of Children's Services in respect of the early works required.

2.0 Background Information

- 2.1. On 24 April 2013 Executive Board approved the school expansion of Little London Primary School from 1FE to 3FE. The expansion will create a 630 place primary provision (420 place expansion) on land at Meanwood Street.
- 2.2. The proposed new school is within the Hyde Park and Woodhouse wards. An option appraisal and feasibility study were commissioned during RIBA stages A to B and the subsequent recommendation confirmed the site was viable for this educational development. Asset Management Board approved the boundary of the school site in March 2014.
- 2.3. The development site is an area of brownfield land previously utilised as a District Centre site. Demolition of the remaining retail units on this site is taking place in July 2014. The current Community Centre and Neighbourhood Housing Office will be re provided as part of the wider Little London Community Hub Scheme. As part of the

Community Hub scheme replacement retail has been provided on the former site of the Neighbourhood Housing Office.

- 2.4. To address the current increase in pupil numbers ahead of the new build completion temporary classrooms and elements of internal remodel to the existing school have taken place. Both formed separate phases to the Little London Primary Basic Need solution. The Temporary classrooms were handed over in July and the remodel works in October 2013. These works formed a previous Authority to Spend against this scheme of £616.7k.
- 2.5. Wates Construction Ltd were engaged as part of a two stage tender process from RIBA stage C. This process allows early contractor engagement to develop designs and costs in advance of the formal market testing process and formal contract award.
- 2.6. A report was approved by the Chief Officer for Strategy, Performance and Commissioning in May 2014 to incur capital expenditure of £201.7k from capital scheme number 16585/LIT/PH3 to enable early works to be carried out prior to the main contract award in order for the scheme to remain on programme.
- 2.7. The first early works agreement gave approval for the demolition of the retail units on the development site, commencement of refurbishment works during the summer holidays ready for the increased pupil numbers in September 2014 along with further design work to remain on programme for delivery of the new build extension ready for the September 2015 cohort.
- 2.8. The Stage D construction design and costs of £6,434.6k for the primary school element of the project were the subject of a Design and Cost report submitted to Leeds City Council's Executive Board on 25 June 2014. The report was approved and authority to spend was granted to incur capital expenditure for delivery of the primary school extension and refurbishment works.
- 2.9. A separate Design & Cost report was approved at the same Executive Board meeting granting authority to spend for the Community Centre and Neighbourhood Housing Office element of the works. This gave approval to incur £677.7k from the General Fund Capital Scheme 32140/000/000 and £264.7k from the Housing Revenue Account.
- 2.10. The Stage 2 tender for the Little London Community Hub was received from Wates Construction Ltd on 09 July 2014 with a total tender price of £6,251.7k. The tender came in over budget by £595.7k in comparison to the Stage D costs submitted in the aforementioned Design & Cost reports to Executive Board in June 2014.
- 2.11. Of the £595.7k overspend reported in the tender, £276.2k is for the primary school element of the scheme and £319.4k for the Community Centre and Housing Office.

3.0 Main Points

3.1 Proposal

- 3.1.1. Contract award for the scheme has been delayed while a value engineering exercise is undertaken to bring the project within budget. The value engineering exercise has currently identified cost savings of approximately £75k, however a

number of other options are being explored, some of which may be realised post award.

- 3.1.2. After further discussions with the contractor, the allocation of costs between the primary school and the Community Centre/Neighbourhood Housing Office will be re-adjusted to provide a more appropriate split of shared costs, such as drainage and preliminaries. This will lead to a higher cost for the school, however will more accurately reflect the scale and works associated with each scheme.
- 3.1.3. The costs for the primary school which have received ATS were reflective of a number of planning, highways and ICT risks which have not been realised. This leaves an element of costs within the project's approved ATS which have been allocated to other budget headings. The other budget lines provide a possible additional allocation of £526k leaving a short fall of approximately £100k for the Community Centre and Neighbourhood Housing Office.
- 3.1.4. The Development Department are exploring further options for reducing costs for the Community Centre and Neighbourhood Housing Office.
- 3.1.5. It is the intention to let the main contract in mid-August.
- 3.1.6. In the meantime, a second early works agreement is required so that the scheme is able to remain on programme. This will allow the contractor to continue with essential refurbishment works over the summer holidays ready for the increased number of pupils joining the school in September 2014 and to continue with design works for the new build extension required for September 2015.
- 3.1.7. The second Early Works proposal consists of the following components:
 - i. Measured works, including:
 - § Phase 1 works to the existing building during the summer holidays
 - § Procurement and design of structural steel work, excluding manufacture
 - § Procurement and design of piling works including booking of piling rig
 - § Procurement, design and manufacture of pre-cast concrete floors and stairs
 - § Procurement of tarmacadam subcontractor for site setup purposes
 - § Procurement of bulk excavation subcontractor
 - ii. Design Fees – proceed with the architectural, structural, mechanical & electrical, fire and landscaping design to a minimum of RIBA stage F1 design.
 - iii. Surveys – proceed with any ground investigations required following demolition of the existing retail units.
 - iv. Preliminaries – proceed with the procurement and installation of site hoardings

3.2. Programme

3.2.1. The key milestones to achieve this programme are detailed below:

- | | |
|------------------------------------|-------------|
| • Early works # 1 start | June 2014 |
| • Design Cost Report (Main scheme) | June 2014 |
| • Early works #1 completion | July 2014 |
| • Early works #2 start | August 2014 |
| • Early works #2 completion | August 2014 |

- Main contract Award August 2014
- School occupation September 2015

4.0 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1. The proposed scheme and associated works has been the subject of consultation with PPPU and Children's Services Officers, NPS, Wates and representatives from the school leadership team. The proposals are open to public consultation through the planning application process. Ward members have been consulted and Children's Services has made a commitment to continue to brief Councillor's at key stages throughout the building project.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1. The recommendation within this report does not have any direct nor specific impact on any of the groups falling under equality legislation and the need to eliminate discrimination and promote equality. A screening document has been prepared and an independent impact assessment is not required for the approvals requested.

4.3 Council Policies and City Priorities

- 4.3.1. Both schemes are to be delivered under the City Council's Basic Need Programme and are required to fulfil the Local Authority's statutory responsibility to provide sufficient school places.

4.4 Resource and Value for Money

- 4.4.1. All works have been procured in accordance with Leeds City Council's contract procedure rules.
- 4.4.2. The cost for early works to be carried out on the Little London Primary project prior to the main contract award is £495.0k. These figures are inclusive of all fees and other associated costs. The cost will be met through capital scheme number 16585/LIT/PH3 as part of the Basic Need Programme.

4.5 Full scheme estimate

- 4.6. The Stage D construction design and costs of £6,434.6k for the primary school element of the project were the subject of a Design and Cost report submitted to Leeds City Council's Executive Board on 25 June 2014. The report was approved and authority to spend was granted to incur capital expenditure for delivery of the primary school extension and refurbishment works.
- 4.7. A separate Design & Cost report was approved at the same Executive Board meeting granting authority to spend for the Community Centre and Neighbourhood Housing Office element of the works. This gave approval to incur £677.7k from the General Fund Capital Scheme 32140/000/000 and £264.7k from the Housing Revenue Account.

4.8. Prior Approvals

- 4.8.1. To address the current increase in pupil numbers ahead of the new build completion temporary classrooms and elements of internal remodel to the existing school have taken place. Both formed separate phases to the Little London Primary Basic Need solution. The Temporary classrooms were handed over in July and the remodel works in October 2013. These works formed a previous Authority to Spend against this scheme of £616.7k.
- 4.8.2. On 13 March 2014 Asset Management Board (AMB) approved the boundary of the Little London Primary School expansion site and adjoining Community Hub.
- 4.8.3. A previous early works agreement for this scheme was approved by Chief Officer for Strategy, Performance and Commissioning in May 2014.
- 4.8.4. Design and Cost Reports for the Little London Primary School and the Community Centre / Neighbourhood Housing Office were approved by the Council's Executive Board meeting on 25 June 2014.
- 4.8.5. Planning approval was granted on 4 July 2014.

4.9. Legal Implications, Access to Information and Call-In

- 4.9.1. This report constitutes a Significant Operational Decision and as such will not be subject to 'Call-In'.

4.10. Risk Management

- 4.10.1. Risk for this project is being managed through the application of 'best practice' project management tools and techniques via the City Council's 'Delivering Successful Change' methodology.
- 4.10.2. Experienced Project Management resource has been allocated from within the Public Private Partnerships Unit. A joint risk log is maintained for the scheme throughout the project lifecycle and escalation is via the Basic Need Programme Manager.
- 4.10.3. Failure to secure a further early works agreement will present a high risk to achievement of the project's time, cost and quality objectives. The contractor will not be in a position to continue with refurbishment works taking place over the summer holidays in the existing building. This would leave the primary school with insufficient places for the September 2014 intake. Failure to secure a further early works agreement would also delay design of the new build extension and put the September 2015 opening date at risk.

5.0 Conclusions

- 5.1. An evaluation of the bill of quantities and programme submitted by Wates for the early works has been completed by PPPU. This has determined that the works represent value for money and the recommendation is therefore to accept the sub-contract sum of £495.0k.

6.0 Recommendations

- 6.1. The Director of Children's Services is requested to authorise expenditure of £495.0k from capital scheme number 16585/LIT/PH3 to enable early works to be carried out prior to the main contract award for the proposed Basic Need new build expansion of Little London Primary School.

7.0 Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.