

Report of the Project Manager, PPPU

Report to Deputy Director of Children's Services; Chief Asset Management and Regeneration Officer; Director of Environment and Housing



Date: 11 September 2014

Subject: Tender Acceptance Report – Little London Community Hub

Capital Scheme Number: 16585/LIT/000; 32140/000/000; 32036/CJ3/000

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Beeston and Holbeck	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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? If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: A & B	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The Little London Community Hub Project encompasses the construction of new build accommodation for Key Stage 2 and remodelling works to the existing school to accommodate Key Stage 1 to create a 3 form entry Primary school. In addition the scheme will deliver a new build Community Centre and Neighbourhood Housing Office (NHO) to replace the existing Community Centre building.
2. The Design & Cost Reports relating to the Community Hub were approved by Executive Board on 25th June 2014. This secured authority to spend £6,434,600 on the Primary School extension; £677,700 for the Community Centre and £264,700 for the NHO; A total Authority to Spend of £7,377,000.
3. This report requests authority to accept a tender in the sum of £6,153,618 from **Wates Ltd** for the delivery of the Little London Community Hub.

Recommendations

4. The Deputy Director of Children's Services is requested to approve the recommendation to award the contract in the sum of £6,153,618, (which includes an amount of £5,278,315 for the construction of a Key Stage 2 building and remodelled

Key Stage 1 building to Little London Community Primary School), to Wates Limited.

5. The Chief Asset Management and Regeneration Officer is requested to approve the request to award the contract in the sum of £6,153,618 (which includes an amount of £638,244 for the construction of Little London Community Centre), to Wates Limited.
6. The Director of Environment and Housing is requested to approve the recommendation to award the contract in the sum of £6,153,618 (which includes an amount of £237,059 for the construction of Little London Neighbourhood Housing Office), to Wates Limited.

1.0 Purpose of this Report

- 1.1 The purpose of this report is to seek authority to accept a revised tender in the sum of £6,153,618 from **Wates Ltd** for the expansion of Little London Primary School from a 1FE to a 3 FE Primary School, and the provision of a new build Community Centre and NHO.

2.0 Background information

Primary School

- 2.1 The Basic Need programme represents the Council's response to the demographic growth pressures in primary school provision. The rapidly increasing birth rate in Leeds has required Leeds City Council to approve over 1118 new reception places since 2009 in order that it fulfils its statutory duty to ensure sufficiency of school places.
- 2.2 The scale of the response cannot be met through the existing estate; therefore the expansion of existing schools or the creation of new schools has been required in many instances. Under the Education and Inspections Act 2006, these changes all constitute prescribed alterations, and each requires a statutory process to confirm the change and make it permanent. Capital school building solutions to the demographic need are managed via Children's Services Basic Need Programme.
- 2.3 The expansion of Little London Primary forms part of the on-going work to address capacity and sufficiency across all of Children's Services, which includes provision for primary and secondary school places, early years, as well as specialist provision. These proposals form part of the Council's Basic Need Programme that embeds the 'one council' approach that has achieved shared ownership of proposed solutions.
- 2.4 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 from September 2015.
- 2.5 The development site is an area of brownfield land previously utilised as a District Centre site. The remaining retail units are due for demolition in September 2014.

The current Community Centre and Neighbourhood Housing Office will be re provided as part of the wider Little London Community Hub Scheme.

- 2.6 The scope of the project is to design and build a primary school expansion from 1FE to 3FE, resulting in a new Key Stage 2 building. The new building will be completed and ready for occupation in September 2015, with building work due for completion in August 2015.
- 2.7 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. The Temporary classrooms were handed over in July and the initial remodel works in October 2013. Further remodel works were handed over in September 2014 and the final phase will be complete for September 2015.

Community Centre & NHO

- 2.8 The Community Hub occupies a prominent position in the centre of the Little London estate and is a site that has accommodated a range of important facilities for local residents, including Council-owned shops, car parking, play space and mature open green space, a Neighbourhood Housing Office, community centre and IT training rooms and a now-demolished social club.
- 2.9 Recognising the importance of the Community Hub, the Council had included the site in the Little London Housing PFI Project. However during the procurement of the project and as a consequence of the Comprehensive Spending Review in 2010, a number of scope changes were required to enable the core housing improvements to receive government approval and for the PFI contract to proceed. The most significant change was the removal of the Community Hub from the PFI project.
- 2.10 Executive Board approved this change in July 2011 but affirmed the Council's continued intention to pursue improvements to the Community Hub as a critical part of the regeneration of Little London.
- 2.11 In 2012 the opportunity arose to develop the Community Hub site to include the expansion of Little London Primary School, and new community centre and neighbourhood housing office, with the retail provision relocating to the old housing office site to be developed privately. A report to Executive Board in December 2012 set out the emerging proposals for the Community Hub and established the principles of redevelopment.
- 2.12 A further report to Executive Board in February 2013 set out in more detail the approach to redevelopment of the site including the expansion of Little London Primary School from 1 to 3 forms of entry (FE) utilising land at the community hub site placing it prominently at the centre of the community; phased relocation of the Neighbourhood Housing Office within the site; rebuilding of the community centre; and securing investment from a private retail concern to provide a new local convenience store, pharmacy and additional shop unit. This retail provision opened in May 2014.

3 Main issues

3.1 **Proposal**

3.1.1 The proposed work to expand Little London Primary School consists of the following components:

- Construction of a 12 classroom school with associated ancillary facilities (toilets, cloaks, stores etc.). The construction will also include 1 hall, a kitchen, offices, reception, staff room, staff toilets, circulation and small group rooms.
- Wider remodel works to the existing primary school to create a dedicated Key Stage 2 building.
- External works will include the creation of car parking, soft play areas and hard play areas.
- Necessary off-site highways works; and
- A contribution toward additional teaching furniture and ICT equipment required to populate the new classroom spaces.

3.1.2 The proposed work to provide a new Community Centre and NHO consists of the following components:

- Construction of a shared community building to provide office space, meeting/interview rooms and community hall with associated ancillary facilities (toilets, cloaks, stores etc.).
- The construction will also include kitchen, reception, staff room, staff toilets and circulation.
- A contribution toward furniture and ICT equipment

3.1.3 Following consultation with colleagues within LCC Procurement Unit the project was tendered via the YorBuild framework.

3.1.4 Wates Ltd were engaged as part of a two stage tender process at the end of RIBA stage B. Following a Market Testing exercise they submitted a stage 2 tender for the works detailed within this report on 9 July 2014 via the YorTender System.

3.1.5 The stage 2 tender returned exceeded the overall Authority to Spend across the School, Community Centre and NHO schemes. The main elements for the increased cost can be attributed as follows: Ground conditions under the CC/NHO requiring a piled solution; increase in cladding and M&E costs; Wates cut and fill solution requiring an increase in the amount of off-site disposal; an allowance for temporary CC/NHO drainage during construction and an increase in preliminaries resulting from phasing of the remodelling works to commence during summer 2014. Further detail on the individual elements is provided in the attached NPS Tender Report (Appendix A).

- 3.1.6 A tender revision has reduced the tender price from £6,251,703 to £6,153,618. The reduction has been achieved through value engineering and the review and re apportionment of drainage and external works costs from the Community Centre and NHO schemes to the School project.
- 3.1.7 Following a tender evaluation undertaken by NPS this report seeks to recommend acceptance of the tender from Wates Limited in respect of the works and award the contract in accordance with Leeds City Council procurement rules.
- 3.1.8 A copy of NPS' tender report prepared by appointed Quantity Surveyor is appended to this report as a confidential attachment (Appendix A)

3.2 Programme

- 3.2.1 Formal acceptance of the tender is required as soon as possible to ensure a commencement on site by late September 2014 in order to provide the supplementary accommodation for occupation in September 2015.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The proposed scheme and works associated with the Little London Community Hub have been the subject of consultation with LCC Officers, school representatives, end users and local ward members. All detailed project communication is being managed via a formal project communication plan.
- 4.1.2 Pre-planning meetings have been held with officers from Planning & Highways prior to the submission of the planning application. Substantial engagement has taken place with key stakeholders in respect of the off-site highway solution. A pre-planning drop in session was held for local residents and parents in March 2014 by representatives from Children's Services, PPPU, NPS, Highways and Planning to answer any queries. Elected members have been updated at key project stages, the latest being at Planning approval in July 2014.
- 4.1.3 Local Members have been briefed on progress of the scheme and the Basic Need Programme Manager holds regular 6 weekly meetings with the Deputy Executive Board Member, Children's Services (Learning). Children's Services and PPPU will continue to brief Councillors at key stages throughout the expansion project as required.

4.2 Equality & Diversity / Cohesion & 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. An Equality, Diversity, Cohesion and Integration Impact Assessment was carried out in October 2012 during Statutory Consultation on the school expansion proposals (attached).

4.3 Council Policies & City Priorities

- 4.3.1 This scheme is due to be delivered under the City Council's Basic Need programme and is required to fulfil the Local Authority's statutory responsibility to provide sufficient school places.
- 4.3.2 All proposals within the report have been brought forward to fulfil the Council's statutory duty to secure sufficient school places. In providing places close to where the children live the proposals will improve accessibility of local and desirable school places, and thus reduce any risks of non-attendance.
- 4.3.3 The Little London Community Hub will contribute to the 'Best City' vision for Leeds by supporting people who live in the area to enjoy a good quality of life, provide the opportunity of a good education, offer access to activities and services that will support good health and wellbeing as well as offering access to new job and training opportunities.

4.4 Resource & Value For Money

- 4.4.1 The tender price is based on the design drawings and specification produced by NPS (Leeds), and including specific technical information resulting from surveys etc. and other site specific information.
- 4.4.2 NPS (Leeds) have continued their involvement on this scheme beyond the cost estimate provided within the DCR (produced at RIBA Stage D) and have provided Quantity Surveyor and project administration services during the tender period. The attached tender report (Appendix A) has concluded that given the expense of the site abnormalities the tender represents reasonable value for money.
- 4.4.3 Due to the tight tender period Wates were unable to carry out full due diligence on the drainage design, therefore for the purposes of the agreed tender price Wates have assumed that the drainage layout developed by NPS is in line with that agreed with Yorkshire Water. The Council have accepted the risk and tasked Wates with undertaking a full due diligence review after the contract has been awarded. Also unforeseen ground conditions below existing buildings have been accepted as Employer risk.
- 4.4.4 Wates tender price includes risk allowances within the Activity Schedule relating to elements of the substructure. NPS have challenged these costs and further substantiation will be sought after contract award.
- 4.4.5 The tender for the scheme has been procured in accordance with Leeds City Council's contract procedure rules. Following consultation with LCC's Procurement Unit the scheme was tendered via the YorBuild framework methodology utilising a NEC3 contract form.

4.5 Full Scheme Estimate

4.5.1 The tender submission provided by Wates Limited of £6,153,618 is within the tolerances of the pre-tender estimate provided by NPS (Leeds) Limited. An evaluation of this submission has been completed by NPS and it has been confirmed to offer value for money and a competitive rate for the works.

4.6 Prior Approvals

4.6.1 A planning application for the aforementioned works was submitted in April 2014, planning permission was subsequently granted on the 3rd July 2014 with a number of minor conditions.

4.6.2 The Design & Cost Reports relating to the Community Hub were approved by Executive Board on 25th June 2014. This secured authority to spend £6,434,600 on the Primary School extension; £677,700 for the Community Centre and £264,700 for the NHO; A total Authority to Spend of £7,377,000.

4.7 Legal Implications, Access to Information & Call-in

4.7.1 Appendices A & B of this report have been marked as confidential under the 'Access to Information Procedure Rules' 10.4 (3) on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if made public record, would / or would likely prejudice the commercial interests of said person / the Local Authority.

4.7.2 The Project has been detailed on the future list of 'Key Decisions' and has not been subject to any 'call-in' requests.

4.8 Risk Management

4.8.1 The works detailed within this report were procured in accordance with the City Council's procurement rules using the 'Yorbuild Framework' issued via the YorTender system.

4.8.2 General risk to the project as a whole is to be managed through the application of 'best practice' project management tools and techniques based on the Council's Delivering Successful Change Methodology. Experienced Project Management resource from PPPU will be tasked with ensuring the project remains within the predetermined risk tolerances.

4.8.3 A risk log has been maintained throughout the project and escalation is via the Basic Need Programme Manager.

5.0 Conclusions

An evaluation of the tender submission from Wates Limited completed by NPS (Leeds), and verified against the RIBA Stage E cost estimate, has determined that the price provided is competitive and provides value for money. The recommendation therefore is to accept Wates Limited tender in the sum of

£6,153,618 and proceed with contract award as soon as possible in order to achieve the programmes dates identified in section 3.2 of this report.

6.0 Recommendations

- 6.1 The Deputy Director of Children's Services is requested to approve the recommendation to award the contract in the sum of £6,153,618, (which includes an amount of £5,278,315 for the construction of a Key Stage 2 building and remodelled Key Stage 1 building to Little London Community Primary School), to Wates Limited.
- 6.2 The Chief Asset Management and Regeneration Officer is requested to approve the request to award the contract in the sum of £6,153,618 (which includes an amount of £638,244 for the construction of Little London Community Centre), to Wates Limited.
- 6.3 The Director of Environment and Housing is requested to approve the recommendation to award the contract in the sum of £6,153,618 (which includes an amount of £237,059 for the construction of Little London Neighbourhood Housing Office), to Wates Limited.

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.