

**Report of the Project Manager, PPPU**

**Report to Deputy Director, Children's Services (Learning)**

**Date: 24<sup>th</sup> September 2014**

**Subject: Tender Acceptance Report Basic Need – East Ardsley Primary School**



**Capital Scheme Number: 16585/ETA/PH3**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Ardsley & Robin Hood	<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: Appendix number: A – Tender Evaluation Report	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**Summary of main issues**

- 1 The Design & Cost Report to deliver the proposed Basic Need new build expansion of the East Ardsley Primary School on the existing site was approved by Executive Board on 25/06/14.
- 2 In order for the building project to proceed, the PFI contract (and specifically the Principal Agreement), must be amended through a Deed of Variation to incorporate the additional accommodation for the remaining 13 years of the PFI contract in respect of maintenance, service delivery and life-cycle. Legal and Commercial discussions with the PFI consortia (referred to as SPV within this report) and intended contractor are now complete.
- 3 The purpose of this report is to request authority to accept, under the terms of the Principal Agreement, a tender in the sum of £526,774.40 including all fees and construction costs for the works from QED.

## **Recommendations**

The Deputy Director, Children's Services (Learning, Skills & Universal Services) is requested to:

- Approve the request to award the contract in the sum of £526,774.40 to QED for the Basic Need new build expansion of East Ardsley Primary School,
- Authorise the signature of the deed of variation of the Project Agreement required to implement this scheme.
- Authorise the signature of the independent certifiers' deed of appointment and collateral warranties with the main building contractor, architect and structural engineer.
- Authorise the signature of all other documentation that is required to deliver the project in the opinion of the Programme Manager Built Environment.

### **1 Purpose of this Report**

- 1.1 The purpose of this report is to seek authority to accept a tender in the sum of £526,774.40 from QED for the construction of the Basic Need new build expansion of East Ardsley Primary School and to enter into a deed of variation with QED along with other documentation that is required to deliver this scheme.

### **2 Background information**

- 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 1100 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.
- 2.3 In February 2013 the Council's Executive Board approved the undertaking of formal consultation on the expansion East Ardsley Primary from a capacity of 315 to 420 pupils. The statutory consultation was held from 25<sup>th</sup> February 2013 to 29<sup>th</sup> March 2013 and the outcome was reported back to Executive Board in May 2013. Approval was subsequently granted to proceed with the proposals and the Statutory Notices were published on 21<sup>st</sup> June 2013. Final determination for the permanent increase in pupil numbers was granted in September 2013.
- 2.4 The expansion proposals for East Ardsley Primary School have been allocated 'Targeted Basic Need Funding' by the Education Funding Agency (EFA). Funding

has been provided on the basis of a strict timeline for payment and completion being adhered to. Any delay to the programme detailed in section 3.2 resulting in the funding not being claimed to the appropriate timescale potentially places the funding allocation for East Ardsley at risk.

- 2.5 Two previous phases of works to accommodate increases in pupil number prior to the completion of the main works have now been completed. A number of minor snagging items are apparent which will be resolved shortly.

### **3 Main issues**

#### **3.1 Proposal**

- 3.1.1 The third phase of the expansion at East Ardsley Primary School comprises of the following elements:

- Construction of a two classroom extension including necessary ancillary facilities (cloaks, toilet provision etc.), connected to the existing building on the elevation adjacent Cave Lane at first floor level. The Extension will utilise existing circulation stairwells for access.
- Relocation of existing play equipment to facilitate the above.
- Establishment of a new pedestrian access point off main street, pathway to be provided to connect this point to the school playground.
- Extension of the staff car park. Current configuration has designated spaces for 11 cars and 1 disabled bay, further 'informal' provision is available. The extension of the car park will allow for a maximum of 29 formal designated spaces.
- Completion of Highways works as identified within the Transport Assessment.

- 3.1.2. The construction of the new accommodation will affect the use of the existing hard play area for the school; as such alternative arrangements using existing spaces have been put in place to allow the school to operate.

- 3.1.3 Phase 3 works to deliver the new accommodation and associated works are programmed for completion March 2015.

- 3.1.4 A detailed cost plan has been produced for this scheme and cost checks by Rex Proctor (appointed by QED) have been carried out at the end of RIBA stage E; these cost plans have been validated by the PFI consortia and their cost managers (Pinnacle PSG). Contractor proposals have been reviewed and agreed by the PFI consortia.

- 3.1.5 Following the evaluation of the tender submitted by the Works Contractor by QED this report seeks to accept the tender from Bermar building in respect of the works at East Ardsley Primary School and award the contract in accordance with Leeds City Council procurement rules.

## **3.2 Programme**

- 3.2.1 Formal acceptance of the tender is required at the earliest opportunity to ensure the commencement of the Works in September 2014. Occupation of the new accommodation is not required until September 2015, however, the school have compromised by temporarily utilising some key areas within the existing building to accommodate the additional 2013 and 2014 intake. Completion of the new building in March 2015 will alleviate the operational compromises the school are making in order to facilitate the expansion.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The proposed scheme and associated work at East Ardsley Primary has been the subject of consultation with Children's Services Officers, school representatives and local ward members. All detailed project communication is being managed via a formal project communication plan.
- 4.1.2 Pre-planning meetings were held with officers from Planning & Highways prior to the submission of the planning application. A pre-planning drop in session was held for local residents and parents and attended by representatives from Children's Services, Highways, Planning and the School to answer any queries. Elected members were briefed in October 2013.
- 4.1.3 Consultation meetings with reference to the proposed designs have been held with the School.
- 4.1.4 Local Members have been briefed on progress of the scheme and regular monthly briefing meetings are held 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 recommendations within this report do not have any direct nor specific impact upon any of the groups falling under equality legislation and the need to eliminate discrimination and promote equality.
- 4.2.2 An 'Equality, Diversity, Cohesion & Integration' screening document was completed to support the 'Design Cost Report' for this project; this is appended to this document as Appendix B.

### **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.

#### **4.4 Resource & Value For Money**

- 4.4.1 The tender price is based upon the design drawings and specification produced by QED and their contractor Bermar Building and specific technical information relating to these proposals produced as a consequence of the project (technical surveys etc.)
- 4.4.2 Rex Proctor and Partners 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.
- 4.4.3 All works have been procured in accordance with the PFI exclusivity rights. The Works contractor has been appointed on a direct appointment basis through a market test/benchmarking exercise carried out against costs agreed on the recently awarded contract to Bermar Construction for the Basic Need expansion scheme at Rufford Park PFI.
- 4.4.4 A Summary of the costs are included in Appendix A.

#### **4.5 Full Scheme Estimate**

- 4.5.1 The tender submission provided by QED is within the tolerances of the pre-tender estimate provided by Pinnacle PSG. An evaluation of this submission has been completed by Pinnacle PSG and LCC 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 has been submitted, permission was subsequently granted in 11<sup>th</sup> June 2014 with minor conditions.
- 4.6.2 Approval to spend was granted by Executive Board on 25<sup>th</sup> June 2014. This decision granted approval to spend a total of £1,193,880.00 to cover all elements of the expansion of East Ardsley Primary School.
- 4.6.3 The DCR includes budgets previously approved for Phase 1 and Phase 2 totalling £192,509

#### **4.7 Legal Implications, Access to Information & Call-in**

- 4.7.1 Appendix A of this report has 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 tender was a best value market test based on the recently awarded contract at Rufford Park which falls under the same PFI exclusivity arrangements.

4.7.3 This project follows the same commercial, financial and legal risk position as was taken on Rufford Park. As was reported in detail on that scheme this risk position is not favourable to the council and leaves the council taking risk on contractor performance during both the build and operational phases. Due to the operational need to deliver the scheme this position was accepted on Rufford Park and, as East Ardsley falls within the same PFI contract and is managed by the same contractor, the same position had to be adopted here.

## **4.8 Risk Management**

4.8.1 General risk to the project as a whole is to be managed through the application of 'best practice' project management tools and techniques via 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.

4.8.2 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 Bermar Building completed by Pinnacle PSG and LCC and verified against the RIBA Stage E cost estimate, has determined that the price provided is competitive and pricing is in line with the previous Rufford Park scheme. The recommendation therefore is to accept QED's tender in the sum of £526,774.40 and proceed with contract award as soon as possible in order to achieve the programmes dates stipulated in section 3.2 of this report.

## **6.0 Recommendations**

6.1 The Deputy Director, Children's Services (Learning, Skills & Universal Services) is requested to:

- Approve the request to award the contract in the sum of £526,774.40 to QED for the Basic Need new build expansion of East Ardsley Primary School,
- Authorise the signature of the deed of variation of the Project Agreement required to implement this scheme.
- Authorise the signature of the independent certifiers' deed of appointment and collateral warranties with the main building contractor, architect and structural engineer.

- Authorise the signature of all other documentation that is required to deliver the project in the opinion of the Programme Manager Built Environment.

## **7.0 Background documents<sup>1</sup>**

7.1 None

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<sup>1</sup> 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.