

**Report of the Chief Officer (PPP&PU)**

**Report to the Head of Service, Strategic Development and Investment (Learning Systems)**

**Date: 11<sup>th</sup> March 2015**

**Subject: Decision Report: Pudsey Primrose Hill Basic Need Project – Contractor Early Works**



**Capital Scheme Number: 16981/PPH/000**

|  |   |  |
|--|---|--|
| Are specific electoral Wards affected?   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| If relevant, name(s) of Ward(s):<br>Calverley/Farsley  |   |  |
| 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)<br>This Early Works Report in full<br>Appendix 1 – Bermar Building Co Ltd Form of Tender<br>Appendix 2 – Bermar Building Co Ltd Activity Schedule<br>Appendix 3 – Bermar Building Co Ltd Early Works Agreement Quote<br>Appendix 4 – Bermar Building Co Ltd Early Works Programme |   |  |

**Summary of main issues**

1. The Design & Cost Report (DCR) for the delivery of the proposed Basic Need expansion of the Pudsey Primrose Hill Primary School was approved on the 4<sup>th</sup> March 2015. This gave approval to incur capital expenditure of £2,719.4k from capital scheme number 16981/PPH/000 for delivery of the project.
2. The tender for the Pudsey Primrose Hill Primary School expansion was received from Bermar Building Co Ltd via a Quality Initiated Call-Off from the YORbuild framework on 06 March 2015 with a total tender price of £2,352.2k. The tender came in over budget by £191.8k in comparison to Stage D costs approved by the Basic Need Programme Board on 4<sup>th</sup> March 2015.
3. Contract award for the scheme has been delayed while the project team carry out a value management exercise to bring the project within budget. It is the intention to let the main contract in early April and an Authority to Award is being drafted in

preparation for this. The approximate reduction generated by value management has resulted in a £298,048.00 saving. This will ensure that the project remains within the parameters set within the DCR.

4. In the meantime, an early works agreement is required so that the scheme is able to remain on programme and ensure that there are sufficient places for the increased number of pupils joining the school in September 2015. An early works agreement will allow the contractor to commence some critical enabling works at the school in preparation for the major works to start over the Easter holidays whilst the school is on shut down and to continue with design works for the new build extensions and refurbishment required for September 2015.
5. The purpose of this report, therefore, is to seek approval from the Head of Service, Strategic Development & Investment (Learning Systems), Children's Services to incur capital expenditure of £200.0k from capital scheme number 16981/PPH/000 to enable early works to be carried out prior to the main contract award for the proposed Basic Need expansion.

### **Recommendations**

The Head of Service, Strategic Development & Investment (Learning Systems) is requested to:

- Authorise expenditure of up to £200.0k plus Value Added Task from Capital Scheme Number 16981/PPH/000 to enable early works to be carried out prior to the main contract award for the proposed Basic Need expansion of Pudsey Primrose Hill Primary School.
- Note the programme dates identified in section 3.2 of this report in relation to the implementation of this decision. The final delivery date for the scheme is September 2015.

## **1.0 Purpose of this Report**

- 1.1. The purpose of this report is:
  - 1.1.1. To seek approval from the Head of Service, Strategic Development & Investment (Learning Systems) to incur capital expenditure of up to £200.0k from capital scheme number 16981/PPH/000 to enable early works to be carried out prior to the main contract award for the proposed Basic Need expansion of Pudsey Primrose Hill Primary School.
  - 1.1.2. To provide background information and detail to the Head of Service, Strategic Development & Investment (Learning Systems) in respect of the early works required.

## **2.0 Background Information**

- 2.1. In accordance with the Basic Need Programme Board delegated powers granted by Executive Board in September 2014 the school expansion project for Pudsey Primrose Hill Primary School from 1.5FE to 2FE was approved.
- 2.2. The Design and Cost Report for Pudsey Primrose Hill was approved on 4<sup>th</sup> March 2015. The expansion will create a 420 place primary school resulting in an additional 105 pupil places at the school.
- 2.3. The proposed new school is within the Calverley / Farsley ward. An option appraisal and feasibility study was commissioned through NPS Leeds Ltd. The subsequent recommendation confirmed the site was viable for this educational development.
- 2.4. The Stage D construction, design and associated costs of £2,719.4k for the primary school project were subject of the Design and Cost report submitted to Leeds City Council's Basic Need Programme Board 16<sup>th</sup> February 2015 and subsequently approved by email.
- 2.5. The tender for Pudsey Primrose Hill Primary School was received from Berman Building Co Ltd on 6<sup>th</sup> March 2015 with a total tender price of £2,352.2k. The tender came in over budget by £191.8k in comparison to the Stage D Construction costs submitted in the aforementioned Design & Cost reports to the Basic Need Programme Board.
- 2.6. A value management process is being undertaken with PPP&PU and Berman Building to ensure that the scheme remains on budget and can achieve all its planned outcomes. It is expected that this is fully achievable following a detailed review of all the submitted information contained in the tender submission.

## **3.0 Main Points**

### **3.1 Proposal**

- 3.1.1. Contract award for the scheme has been delayed while a value management exercise is undertaken to bring the project within budget. The value management exercise has currently identified cost savings of approximately £298k, however a number of other options are being explored, some of which may be realised post award.

- 3.1.2. The costs the scheme at stage D were approx. £2,160k. This represents an approx. cost per m2 of £1700 which is comparable to recently accepted tenders therefore does represent value for money.
- 3.1.3. NPS Leeds Ltd and PPP&PU are undertaking a joint review of all items contained within the tender submission to ensure that each item required within the scheme is accurately priced. This review is also establishing savings that can be made to bring the scheme in line with the original design costs.
- 3.1.4. It is the intention to let the main contract in early April 2015.
- 3.1.5. 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 start with the early works and site set up prior to the main works starting on site during the Easter holidays. It is expected that the main contract will be awarded prior to the early works being completed therefore a smooth transition between early works and construction programmes will be achieved.
- 3.1.6. The early works proposal consists of the following components:
- i. Measured works, including:
    - Installation of site hoardings as per NPS\_DR\_A\_(00)061 Contractors Restriction Plan
    - Installation of the contractors haulage road as per NPS\_DR\_A\_(00)061 Contractors Restriction Plan
    - Installation of the site cabins and welfare provision
    - Reduced level dig
    - Formation of temporary footpaths
    - Procurement and design of structural steel work, excluding manufacture in accordance with the scheme design and tendered figure of £37,900.00
  - ii. Design Fees – proceed with the architectural, structural, mechanical & electrical, fire and landscaping design to a minimum of RIBA stage E design.
  - iii. 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:

- |                                    |                             |
|------------------------------------|-----------------------------|
| • Design Cost Report (Main scheme) | March 4 <sup>th</sup> 2015  |
| • Early works start                | March 12 <sup>th</sup> 2015 |
| • Early works completion           | April 7 <sup>th</sup> 2015  |
| • Main contract Award              | April 2 <sup>nd</sup> 2015  |
| • 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 PPP&PU and Children's Services Officers, NPS Leeds Ltd, Bermar Building Co

Ltd and representatives from the school leadership team. The proposals are open to public consultation through the planning consultation process. Ward members have been consulted and PPP&PU together with Children's Services have made a commitment to continue to brief Councillor's at key stages throughout the building project. The last briefing session was February 5<sup>th</sup> 2015.

#### **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 was prepared and submitted as part of the DCR and an independent impact assessment is not required for the approvals requested. The Approved screening document has been sent to the Equality Team to be published and held on file.

#### **4.3. Council Policies and City Priorities**

- 4.3.1. This scheme is 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.

#### **4.4. 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 Pudsey Primary Hill Primary School project prior to the main contract award is £200.0k. These figures are inclusive of all fees and other associated costs. The cost will be met through capital scheme number 16981/PPH/000 as part of the Basic Need Programme.

#### **4.5. Full scheme estimate**

- 4.6. The Stage D construction design and costs of £2,719.4k for the project were the subject of a Design and Cost report submitted to Primary Basic Need Programme Board on the 16 February and was subsequently approved by email on 4 March.

#### **4.7. Prior Approvals**

- 4.7.1. Planning approval was granted on 13<sup>th</sup> February 2015.

#### **4.8. Legal Implications, Access to Information and Call-In**

- 4.8.1. This report constitutes a Significant Operational Decision and as such will not be subject to 'Call-In'.
- 4.8.2. The Head of Service, Strategic Development and Investment (Learning Systems) has the authority to make this decision under powers granted within part 3 of the Council's Constitution.

#### **4.9. Risk Management**

- 4.9.1. Risk for this project is being managed through the application of 'best practice' project management tools and techniques via the City Council's Project Management methodology.
- 4.9.2. 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.
- 4.9.3. Contract negotiations relating to the Contract Data, Works Information, and Site Information have all been concluded. Cost savings have been agreed at approx £298.0k. Some minor costs have yet to be fully confirmed but these items do not pose a risk to the deliverability of the scheme.
- 4.9.4. Failure to secure an 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 commence the main works during the Easter holidays. This would potentially put the September 2015 opening date at risk.

#### **5.0 Conclusions**

- 5.1. An evaluation of the Priced Activity Schedule and programme submitted by Bermar Building Co Ltd for the early works has been completed by PPP&PU. This has determined that the works represent value for money and the recommendation is therefore to accept the Early Works Contract sum of £200.0k.

#### **6.0 Recommendations**

The Head of Service, Strategic Development & Investment (Learning Systems) is requested to:

6.1 Authorise expenditure of up to £200.0k plus Value Added Task from Capital Scheme Number 16981/PPH/000 to enable early works to be carried out prior to the main contract award for the proposed Basic Need expansion of Pudsey Primrose Hill Primary School.

6.2 Note the programme dates identified in section 3.2 of this report in relation to the implementation of this decision. The final delivery date for the scheme is September 2015.

#### **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.