

Report of the Chief Officer (PPPU)

Report to the Director of Children's Services

Date: 29th July 2015

Subject: Access the Basic Need Programme Capital Risk Fund for Farsley Westroyd Infant School.



Capital Scheme Number: 16981/FWR/000

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Calverley and Farsley.	<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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? The following documents are exempt from Access to Information rule 10.3 Willmott Dixon Activity Schedule Appendix B	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. This report details the Farsley Westroyd Infant School scheme which forms part of the Council Basic Need programme and provides the reasons why a second application to the Capital Risk Fund is required.
2. The DCR Scheme Budget of £1,295,400 for works to the Infant School and detached Nursery was previously approved by Programme Board members via email on 30th April 2015 and subsequently signed off by the Director of Children's Services on 7th May 2015. The approved funds included £164,000 of funding from the Capital Risk Fund to supplement the budget set prior to commencement of detailed design in July 2013.
3. The chosen procurement process for the project was a two stage tender and Kier Construction was selected as preferred contractor following a competitive tendering exercise. Kier then worked with NPS Leeds and PPPU to detail the scheme up to contract award. Due to commercial issues that could not be resolved between Leeds City Council and Kier Construction this process had to be abandoned resulting in the need to appoint a new contractor. As the scheme needed to start on site as soon as was reasonably possible to ensure that sufficient pupil places were available the chosen procurement route had to allow for immediate access to a new contractor. The most advantageous procurement that was available was to utilise the services of a new contractor who would be appointed via a quality initiated call off using the Yorbuild Framework. This revised procurement process was the topic of a Procurement Strategy Report that was submitted on the 21st May 2015 and subsequently approved on the 22nd

May 2015 by the Deputy Director of Children's Services. Willmott Dixon was subsequently appointed as Design and Build contractor on 22nd May 2015.

4. The scheme has recently been subject to market testing and the total cost of the Westroyd project is now £2,092,824 including all direct LCC costs and fees. This report contains a request to access the Basic Need Programme Capital Risk fund to enhance the previously agreed DCR budget by £797,424. Once this application is approved there remains £6.385m of capital risk fund available to support the remainder of the programme. It should be noted that this is the fifth application of the Capital Risk Fund on the programme but is the first that has been requested to supplement a previously approved DCR.
5. The project will be delivered in conjunction with Leeds City Council's Joint Venture partners NPS Leeds Ltd. and the Council's Projects Programmes and Procurement Unit (PPPU). The construction works will be undertaken by Willmott Dixon under the Yorbuild framework.
6. The priced activity schedule is attached to this report at Appendix B for information on costs however as this document contains commercially sensitive information which may expose the contractor to financial risk it has been noted as exempt from Access to Information as per rule 10.3.

Recommendations

7. The Director of Children's Services is requested to:
 - i. Approve an application to the Capital Risk Fund for £797,424 to enhance the previously agreed budget of £1,295,400.
 - ii. Note that the Chief Officer, Projects Programmes and Procurement Unit is responsible for scheme delivery which will be completed June 2016.

1.0 Purpose of this Report

1.1. The purpose of this report is:

- To provide background information and detail in respect of the conversion of Westroyd Infants School that is currently a 2FE Infants School into a 1 FE Primary School from September 2015.
- To seek approval for the scheme to proceed on the basis of the budget, scope and programme set out in this report.
- To seek approval to access the Capital Risk Fund to enhance the previously agreed budget of £1,295,400 by £797,424 in line with the finance information set out in this report.

2.0 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 1300 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 school 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. As a consequence of the rapidly increasing birth rate in Farsley and surrounding areas, it is necessary to increase Westroyd Infants School. As part of the Primary Basic Need Programme for the City Westroyd Infants School is to be expanded and converted from a 2FE Infant School with 180 pupil places to a 1FE Primary School with 210 pupil places. The new scheme will be completed under the City Council's Basic Need Programme which aims to ensure its statutory duties are met with respect to ensuring a school place for every child within the city.
- 2.4. The expansion of places at this school was approved by Executive Board in July 2013 following public consultation and the publication of the statutory notice for the expansion was published in 25th June 2014.
- 2.5. This proposal is for an increase in school places to serve the area and does not replace any existing schools or places within the community. .
- 2.6. The scope of the project at Farsley Westroyd Infants School is to build a single storey small group room extension to the main infants building alongside internal remodelling works to the classrooms, toilets, kitchen, improved circulation in the main corridor; and improved access to Reception and Office for all users to enter via the Main Entrance.
- 2.7. At the Farsley Westroyd Nursery site there will be a single storey classroom extension with toilets and a wet area to house the reception class which will create an Early Years Foundation unit.
- 2.8. The construction of the two single storey extensions, one at the Nursery site and one on the Infant site, including remodelled internal areas is scheduled for final completion in June 2016.
- 2.9. The Procurement Strategy was previously approved by the Deputy Director of Children's Services on 12th June 2014 which sought approval of a two stage tender approach. The schemes were worked up to stage D by NPS Leeds to provide a design on which the selected contractor then developing their proposal to construction stage.
- 2.10. This decision to use a two stage procurement strategy was taken as a result of the relatively complex design necessary as a result of constrained sites and conservation area status as well as the phasing that would be required to keep both schools live and operational. The contractor would then be appointed via a 2 stage process using the YORbuild framework in line with CPR 3.1.8; CPRs 3.1.5 and 3.1.6 not applying as there are no exclusive supplier arrangements or an ISP to undertake this work. The YORbuild framework is based on the NEC3 Form of Contract and the selected options is Option A (Priced Contract with Activity Schedule). Kier were appointed preferred contractor on 23rd October 2014.

- 2.11. During the period from October 2014 to May 2015 the scheme has gone through detailed design and secured planning permission to enable the development of fixed price for the three projects.
- 2.12. Due to non-agreement of commercial issues relating to sectional completion, lack of acceptance with design liability both of which had a major risk transfer to the city council and a significant lack of progress with the project a revised procurement strategy was required which sought the abandonment of the two stage approach with Kier and obtain an alternative contractor via a quality initiated call-off procurement process. This would be in line with all Corporate Procurement Rules and Financial Procedure Rules.
- 2.13. As a result of the above issues which would had a significant impact on LCC, the decision to abandon the two stage process was been made. This decision was taken to protect the programme and ensure that pupil places are available when needed in line with the agreed programme. The Yorbuild Framework Manager provided guidance and information to allow an alternative procurement solution to be put into place.
- 2.14. The project will be delivered in conjunction with Leeds City Council's Joint Venture partners NPS Leeds Ltd. and the Council's Projects Programmes and Procurement Unit (PPPU). The Construction Partner has been identified as Willmott Dixon Construction Ltd. Willmott Dixon was appointed as construction partners to develop the second stage of a two stage tender on 22nd May 2015.
- 2.15. A key objective within the Best Council Plan 2013-2017 is to build a Child Friendly City with a 2015 priority 'ensuring sufficiency of school places'. The delivery of pupil places through Basic Need is one of the most baseline entitlements of a Child Friendly City and directly contributes to key outcomes identified within the Children and Young People's Plan (CYPP) 2011-2015 such as our obsession to 'improve behaviour, attendance and achievement'.
- 2.16. Consultation has been undertaken with parents and residents and high support for the expansion was received through this process of consultation. The pre-planning public consultation events took place on 9th and 10th July 2014.
- 2.17. Consultation has taken place throughout development with the relevant Executive Members as well as the local ward members.

3.0 Main Points

3.1 Design & Procurement Proposals and Full Scheme Description

The proposed work to build the extension to Westroyd Infants School consists of the following components:

- Construction of a single storey Reception Class and new visitor reception on the existing Nursery site.
- Construction of a new car park and relocation of the vehicular entrance into the Nursery site.

- Internal remodelling of the existing Nursery area to provide appropriate toilets and staff spaces.
 - Landscape works to the nursery site around the new extension.
 - Construction of a small group room on the Infant School site
 - Internal remodelling of the existing Infant building to make allowance for KS2 pupils.
 - Remodelling of toilet areas to provide correct sized spaces for KS2 pupils.
 - Refurbishment of main school kitchen to provide additional catering items required for larger school population.
 - Fire safety improvements
 - Mechanical and electrical systems renewal.
- 3.2. The design of the scheme has progressed to the end of RIBA stage 4; during each of the design stages consultation has taken place with the following key stakeholders:
- School Governors and staff
 - Planning
 - Highways
 - Local Ward Members
 - Local residents
 - Building Control
- 3.3. A detailed cost plan and Activity Schedule has been produced by Willmott Dixon and cost checks are being carried out on the tender return price by NPS Leeds. (See Appendix A Willmott Dixon Priced Activity Schedule).
- 3.4. The tender was received via the Yortender electronic tendering system on Friday 24th July. It is envisaged that following a thorough review of all the tender documents that Leeds City Council appoint the Willmott Dixon who will be responsible for the construction of the scheme which is to be completed as a Design & Build type contract from Stage 4. The YORbuild framework is an approved framework and the contract award is in line with CPR 3.1.5 and 3.1.6 not applying as there are no Exclusive Supplier arrangements and there is not an ISP that is able to provide undertake the Works.
- 3.5. The award of the tender will be subject to a Tender Acceptance Report which will be submitted for approval within the next two weeks following a detailed review of all contract and tender documentation.

3.6. The increase in the budget is generally as a result of the following factors

- Almost £500k of pricing discrepancies was found with the previously submitted price from Kier. The Kier submitted tender price was used as part of the pre-tender estimate and formed the basis of the documentation that was used to complete the Design and Cost Report.
- In order to complete the works in line with the agreed programme we need to carry out a significant amount of double shift working which will require 15 hour work days.
- Drainage works and attenuation to the rear play area were missed out of the original tender price and have had to be designed and included within the revised tendered costs.
- Initial design fees of approx. £120,000 to the previous contractor for their design costs up to Stage E.
- The cost of the modular temporary classrooms provided by Kier as part of their tender was based on half the quantity of the actual required spaces. The revised temporary teaching rooms have increased in value from £250,000 up to £450,000.

3.6 The returned tendered price for construction works was £1,714,547. This excluded all direct LCC costs and contingency giving a total scheme cost of £2,092,824.

3.7 The project team have started to develop a Value Management Plan which will be fully evaluated and implemented if accepted by Children's Services. The VM plan focuses on items which do not affect the educational functionality of the built form. This plan includes:-

- Reduce folding wall acoustic specification to 42db. Our acoustician has confirmed that the reduction will not materially affect the use of the rooms.
- Removal of small constructed stores and replacement with fixed items of furniture. This will still provide the required storage but at a fraction of the cost.
- Removal of the sprinkler system. Only part of the school would be covered by the sprinkler and the building could compartmentalised differently to provide alternative building protection methodology. This is subject to approval by the Children's Services fire specialist.
- Changing the construction methods for the new build extension from traditional to a steel frame and met-sec walling system. This will save significant time on the project and is a more cost effective way of constructing the building.
- A reduction to landscape works. A thorough review of all the landscape costs will be undertaken to reduce where possible the extent of the works.

It is expected that the savings generated by the value engineering will amount to approx. £150,000 - £200,000 which may be utilised to offset any additional scheme costs due to

unforeseen circumstances and known project risks. This saving will ensure that the actual call on the Capital Risk Fund will be kept to a minimum. In addition to the savings listed above a continual review at each stage of the project will ensure that all potential savings are actually realised. Any savings made on the project during the construction phase will not be reallocated to the Capital Risk Fund. These savings will instead be transferred to the Children's Services Basic Need Programme which forms part of the Corporate Capital Programme.

4.0 Programme

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

- | | |
|--------------------------------------|--------------------------------|
| • Approval to proceed | 7 th May 2015 |
| • Tender price development | 22 nd May 2015 |
| • Tender returned | 24 th July 2015 |
| • Contract Award | 17 th August 2015 |
| • Contractor lead-in / mobilisation | 2 nd September 2015 |
| • Start on-site | 9 th September 2015 |
| • Building Completion | 25 th April 2016 |
| • Remove site compound / Landscaping | 24 th June 2016 |

5.0 Corporate Considerations

5.1 Consultation and Engagement

- 5.1.1. The proposed scheme and associated expansion of Farsley Westroyd Infant School was approved by Executive Board in July 2013. Consultation for the project has included senior ward members and the lead member for Children's Services. Consultation has also involved school staff, governors, and other colleagues within Children's Services.
- 5.1.2. The Executive Member and Deputy Executive Member for Children and Families have been consulted on the scheme and have supported the proposals during the scheme development.
- 5.1.3. A consultation review meeting has been arranged with the Executive Member for Children and Families and is scheduled for Tuesday 4th August 2015. This meeting will review and discuss the contents of this report.
- 5.1.4. Planning and highways meetings have been held with officers from Planning & Highways to assist with the scheme design. Further discussions will continue for the duration the construction process.
- 5.1.5. Throughout the design process and as part of the value engineering exercise we have and will continue to consult with the school and the governing body to ensure that the final product meets expectations and that any changes proposed do not materially affect the operation and success of the schools.

5.2. **Equality and Diversity / Cohesion and Integration**

- 5.2.1. 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. A copy is included as Appendix A to this report.

5.3. **Council Policies and City Priorities**

- 5.3.1. This scheme is due to be delivered under the City Council's Basic Need Programme.
- 5.3.2. A key objective within the Best Council Plan 2013-2017 is to build a child friendly city. The delivery of new primary school pupil places to meet the numbers required is one of the most baseline entitlements of a Child Friendly City. A good quality inclusive school place contributes to the achievement of targets within the Children and Young People's Plan such as our obsession to 'improve behaviour, attendance and achievement'.
- 5.3.3. A further objective of the Best Council Plan 2013-2017 is to become a more efficient and enterprising Council. We want to promote inclusion and diversity for parents and families and deliver school provision in the areas where they are needed. Meeting this expectation while demonstrating the five values underpinning all we do is key to this project.

5.4. **Resource and Value for Money**

- 5.4.1. The project will be delivered through the Yorbuild framework by Wilmott Dixon Construction, via the Quality Initiated Call Off procedure. The Yorbuild framework is an approved framework and the proposed procurement process is in line with CPR 3.1.8; 3.1.5 and 3.1.6 not applying as there are no Exclusive Supplier arrangements and there is not an ISP that is able to provide undertake the Works. The procurement strategy was approved in May 2015.
- 5.4.2. The total projected scheme costs are currently estimated at £797,424 above the previously approved DCR budget of £1,295,400. This report requests that the programme Capital Risk Fund be accessed to enhance the agreed budget to provide sufficient resources to award the project at a maximum price of £2,092,824. It should be noted that this is the fifth application to the Capital Risk Fund but the first that will supplement a previously approved DCR, previous applications have been used to supplement project budgets which had been based on EFA funding rates which are not considered deliverable in the current construction market place. It should be noted that these budgets were set at project inception prior to commencement of the detailed design and approval of the projects DCR. There are sufficient funds within the programme contingency to deal with this request.
- 5.4.3. The cost will be met through capital scheme number 16981/FWR/000 as part of the Basic Need Programme.
- 5.4.4. The increase in the budget is as a result of the following factors

- Almost £500k of pricing discrepancies was found with the previously submitted price from Kier. The Kier submitted tender price was used as part of the pre-tender estimate and formed the basis of the documentation that was used to complete the Design and Cost Report.
- In order to complete the works in line with the agreed programme we need to carry out a significant amount of double shift working which will require 15 hour work days.
- Drainage works and attenuation to the rear play area were missed out of the original tender price and have had to be designed and included within the revised tendered costs.
- Initial design fees of approx. £120,000 to the previous contractor for their design costs up to Stage E.
- The cost of the modular temporary classrooms provided by Kier as part of their tender was based on half the quantity of the actual required spaces to meet the needs of the school. The revised temporary teaching rooms have increased in value from £250,000 up to £450,000.

5.4.5 There have been savings made to the project prior during the period between the soft tender and formal tender which has saved almost £100,000. These savings have been made by correcting errors within the NBS specification or simplifying the building layout to make refurbishment and construction more efficient. These changes have been agreed with Children's Services and do not affect the educational functionality of the building.

5.4.6 Capital Funding & Cash Flow

Capital Section Reference Number :-16981/FV					
Previous total Authority to Spend on this scheme	TOTAL	TO MARCH			
	£	2014 £	2014/15 £	2015/16 £	2016/17 £000's
LAND (1)	0.0				
CONSTRUCTION (3)	0.0				
FURN & EQPT (5)	0.0				
INTERNAL FEES (6)	0.0	0.0			
OTHER COSTS (7)	0.0				
TOTALS	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL	TO MARCH			
	£	2014 £	2014/15 £	2015/16 £	2016/17 £000's
LAND (1)	0.0				
CONSTRUCTION (3)	1,714.5			1,285.9	428.6
FURN & EQPT (5)	30.0			30.0	
INTERNAL FEES (6)	106.1			95.5	
OTHER COSTS (7)	242.2			181.7	60.6
TOTALS	2,092.8	0.0	0.0	1,593.0	489.2
Total overall Funding (As per latest Capital Programme)	TOTAL	TO MARCH			
	£	2014 £	2014/15 £	2015/16 £	2016/17 £000's
Basic Need Grant			0.0		
Total Funding	2,092.8	0.0	0.0	1,593.0	489.2
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0

Parent Scheme Number: 16981/000/000

Title: Basic Need Expansion 2015/2016

5.4.7 Capital Risk Fund Applications to Date

In the September 2014 Basic Need Programme report, Executive Board approved the establishment of a basic need Risk Capital Fund within the Basic Need programme budget. Approval was given to allow the Director of Children's Services delegated authority to manage decisions on the allocation of money from the fund in to individual schemes budgets. Decisions by the Director of Children's Services to access the fund must be made with the prior approval of the Director of City Development and the Deputy Chief Executive and be in consultation with the appropriate Executive Members.

This approval process provided a mechanism which will enable timely and proportionate responses to variations which are required to individual project budgets pre and post DCR.

The report contained a number of named schemes that formed the Basic Need programme, where 10 out of 28 of the schemes stated an initial indicative budget which had been set for the scheme based on EFA funding rates, which is considered nationally to be insufficient to deliver the provision required, and a high-level desktop viability study of additional accommodation required to facilitate an expansion.

For these schemes, detailed design and costing works had not commenced to allow accurate scheme budgets to be set based on site conditions and design solutions proposed during the subsequent feasibility stage. As such, these are not scheme overspends, but a realignment of budgets once the scheme has developed and a robust design freeze or pre-tender estimate can be provided.

The first four Capital Risk Fund applications submitted fall into this category, as detailed below. This fifth application is the first request to access the Capital Risk Fund after a DCR has been formally approved for the scheme.

Scheme	Approved budget (£)	Contingency application value (£)
1. Calverley C or E Primary School	2,500,000	54,000*
2. Pudsey Primrose	1,750,000	969,430**
3. Farsley Springbank and Westroyd	3,810,000	1,708,179
4. Moor Allerton Hall Primary School	278,731	85,415
5. Farsley Westroyd Infant School	1,295,400	797,424
	Total	3,614,448
	Remaining balance	6,385,552

*the Calverley application was based on a pre-tender estimate of £1,855,144. The actual tender returned price was £1,364,621 realising a saving against DCR budget of £490,523.

**the Pudsey Primrose application was based upon a pre-tender estimate of £2,160,400. The actual tender returned price was £2,056,284 realising a saving against DCR budget of £104,116 .

5.5 Revenue Effects

5.5.1 Any revenue implications arising from this new development will be managed through the school's own budget.

5.6 Legal Implications, Access to Information and Call-In

5.6.1 The approval for this project to proceed as set out in this report follow the delegations for the basic need programme approved by Executive Board in September 2014. The Director of Children's Services has already approved the Design and Cost Report for the project as required in Financial Procedure Rules and the decision to supplement the DCR costs by accessing the Capital Risk Fund will be a Key Decision and is subject to call in and was published on 21st July 2015. This decision will be taken using the General Exception Rule because of the

need to award the contract on or before the 14 August 2015 to ensure that the accommodation can be completed in time for the pupils to access school in September 2015. The extent of the Capital Risk Fund application only became known on the date the Key Decision notice was published.

5.6.2 The Director of Children's Services has been granted the delegated authority to approve this project to proceed after complying with the conditions established by Executive Board in September 2014. As outlined in this report the Director of Children's Services has the support for the decisions in this report from the Deputy Chief Executive and Director of City Development and has consulted with the appropriate Executive Members on the proposals.

5.6.3 This procurement is in line with all CPR's and FPR's

5.7 Risk Management

5.7.1 Risk is to be managed through application of 'best practice' project management tools and techniques via the City Council's Project Management methodology. Experienced Project Management resource has been allocated from within the Public Private Partnerships Unit.

5.7.2 A risk log has been developed for the scheme and is being modified to include all risks for the project and the relevant owner of the risk whether it be the contractor or Leeds City Council. This will be reviewed and updated throughout the project. Escalation of any potential risks that sit outside of the agreed tolerances will be via the Children's Services Built Environment Programme Manager.

6 Conclusions

6.1 The proposed construction of the new extension to the Nursery as well as a new extension and internal refurbishment at the Infants School will allow sufficient pupil places to deal with the local needs and for the City Council to comply with its statutory responsibilities.

6.2 The project to extend and refurbish Farsley Westroyd School is being managed by PPPU. The works as per this report are valued at £2,092,824.

6.3 Whilst the costs for the scheme have increased there are genuine reasons for the additional funding required as detailed in this report. The full scheme costs have been assessed by NPS quantity surveyors and have been determined as providing the most economically advantageous solution for the works detailed and represent Value for Money.

7 Recommendations

7.1 The Director of Children's Services is requested to:

- I. approve an application to the Capital Risk Fund for £797,424 to enhance the previously agreed budget of £1,295,400
- II. Note that the Chief Officer, Projects Programmes and Procurement Unit is responsible for scheme delivery which will be completed June 2016.

8 Background Documents¹

8.1 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.