

Report of the Chief Officer: Asset Manager and Regeneration

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Report to the Head of Learning Systems

Date: 3rd April 2018

Subject: Design & Cost Report for Hawksworth Wood Primary School Expansion Early Works Phase 2

Capital Scheme Number: 32450/HAW/EXP

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Kirkstall	<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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The rapidly increasing birth rate in Leeds has required the Council to create new school places in order to fulfil its statutory duty to ensure sufficiency of school places. The Learning Places Programme represents the Council's response to the demographic pressures on the school provision in the city.
2. As part of this programme, it is proposed that Hawksworth Wood Primary School expands from a 1 Form Entry with 210 pupil places, to a 2 Form Entry with 420 pupil places from September 2017. This scheme will be completed under the City Council's Learning Places Programme which aims to ensure its statutory duties are met with respect to ensuring a school place for every child within the city, and was approved by Executive Board in September 2016.
3. At Hawksworth Wood Primary School, due to the complexity of the phasing required to deliver the scheme, the works have been split into two main phases.
4. The first Design and Cost Report (DCR) raised under reference number D44520 requesting authority to spend £2m was approved in May 2017. The works covered under the first DCR was completed in December 2017. It is estimated that the cost of Phase 1

works will be £1,070K but this is subject to receiving final accounts from the contractor; these are due shortly.

5. The reason for the lower than anticipated final account is because the DCR approved in May 2017 included significant works to the children centre as well as in the school. However due to the critical need to deliver phase 1 works, a decision was made to include some elements of the work in phase 2. As a consequence, a request to reassign funds from phase 1 to phase 2 was made in the phase 2 DCR report.
6. The full scope of phase 1 works facilitated the expansion to accommodate the additional reception class in September 2017 and the expansion of the kitchen which was completed in December 2017.
7. Phase 2 works comprises of 4 new build classrooms' refurbishment of a number of areas in the children centre to enable it to be suitable for the primary school use, provision of a disabled toilet, a fenced games court, and extension to the car park as well as a junior football pitch.
8. A Design and Cost Report covering all the works included in phase 2 is currently subject to call in which is due to end on Friday 20th April 2018. The decision on whether to approve the DCR will be made by the Director of Children and Families on Friday 13th April 2018. Approval of the DCR for Phase 2 works was obtained from the Director of Resources & Housing and the Director of City Development on Wednesday 6th March 2018
9. On 7th February 2018, the Council issued its Invitation to Tender via YorTender to six contractors who are on the YorBuild 2 framework for works of this nature. A total of five responses were received on Wednesday 14th March.
10. As previously approved by the Head of Service, Learning Systems, Children and Families, the criteria used to evaluate the bids was based on a price only evaluation and Interserve Construction Limited scored 100% with their price of £1,493K. The Council intends to award the contract after the expiry of the standstill period which ends on Friday 20th April 2018, subject to not receiving any challenge to this decision. All unsuccessful organisations were informed of the decision via YorTender on Tuesday 3rd April 2018.
11. 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 2018. This agreement will allow the contractor to commence some critical works at the school in preparation for the major intrusive works which are due to start at the beginning of the summer holidays. Without an early works agreement there is a high risk that the critical accommodation required for September 2018 will not be delivered and the project will incur additional cost.
12. The purpose of this report is to seek approval from the Head of Service, Learning Systems, Children and Families to incur capital expenditure of £246.3K from capital scheme number 32450/HAW/EXP to allow the Council and Interserve Construction Limited to enter into an Early Works agreement and commence critical works ahead of the major intrusion works due to start at the beginning of the summer holidays.
13. The scheme remains within the overall scheme envelope of £4.0m approved by Executive Board members at their meeting in September 2016.
14. The project will be delivered in conjunction with Norfolk Property Services (NPS) and the Council's City Development department.

Recommendations

The Head of Service, Learning Systems, Children and Families is requested to:

- i. Approve the expenditure of £246.3K from capital scheme number 32450/HAW/EXP to enable early works to be carried out prior to the main contract award.
- ii. Approve entry into an early works agreement to the value of £246.3K with Interserve Construction Services Limited.
- iii. Note that the cost of the early works will be deducted from the overall cost of the construction submitted by the Interserve Construction Limited.
- iv. Note that the Council intends to award the contract to Interserve Construction Limited subject to call in which is due to end on Friday 20th April 2018 subject to the Director of Children and Families approving the DCR on Friday 13th April 2018.
- v. Note that support and approval of the DCR for phase 2 works was obtained from the Director of Resources & Housing and the Director of City Development on Wednesday 6th March 2018 prior to submitting for approval to the Director of Children and Families.
- vi. Note that a budget of £4.0m was granted at Executive Board in September 2016 and that this includes the capital costs for phase 1 and 2 DCRs.

1. Purpose of this Report

1.1. The purpose of this report is:

- To seek approval from the Head of Service, Learning Systems, Childrens and Families to enter into an Early Works Agreement with Interserve Construction Limited to enable the scheme to remain on programme.
- To provide background information and detail to the Head of Service, Learning Systems, Children and Families in respect of the early works required.

2. Background Information

- 2.1. Leeds has an extremely dynamic and growing economy which makes the city a very attractive proposition for families and businesses to move to. As a result, the city's population is growing rapidly, at a faster rate than many of our neighbours and this is reflected in the increasing demand for 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. Under the Education and Inspections Act 2006, these changes constitute prescribed alterations, and each requires a statutory process to confirm the change and make it permanent.
- 2.3. The Council's response to the demographic growth pressures on school provision in the city are managed via Children and Families Learning Places Programme. Since 2009, over 1778 places in reception have been created in order for the Council to fulfil its statutory duty to ensure sufficiency of school places. The schemes in the programme are working with a range of partners, including schools of varying governance models, to ensure enough places are created to meet demand.
- 2.4. Analysis of available demographic data has identified that additional school places are required in the densely populated Hawksworth Wood and surrounding areas to meet demand from families living locally. This is due to a number of factors including: the increase in 0-5 year old children residing in these areas of Leeds and in year pressure for places in some year groups; the extensive programme of house building, both planned and already underway in Kirkstall and surrounding areas. Without adding any additional places in this area it is likely that in future years some children may not be allocated a place.
- 2.5. The proposal for the extension to the school forms part of the on-going work to address capacity and sufficiency across all of Children and Families, which includes provision for primary and secondary school places, early years, as well as specialist provision. These proposals form part of the Council's Learning Places Programme that embeds the 'one council' approach that has achieved shared ownership of proposed solutions.
- 2.6. The expansion of places at Hawksworth Wood Primary School was approved by Executive Board in September 2016. 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.
- 2.7. The procurement strategy to appoint a Construction Partner for phase 1 of the works and tender for phase 2 of the works was approved as a programme strategy in March 2017. The construction partner for phase 1, Pacy and Wheatley, were selected via a direct selection call-off using the YORbuild2 framework to undertake the refurbishment works. This is line with Contract Procedure Rule 3.1.5.

- 2.8. Phase 1 works are now complete with the exception of some snagging issues. The current estimate for phase 1 works inclusive of all design and construction fees is £1,070k. The reason for the scheme coming in below the original estimate of £2m is due to the uncertainty around scope of works, costs and programming of works because the design process had not been completed. It previously also included significant works to the children centre as well as in the school, these will now be done in phase 2.
- 2.9. The DCR for phase 2 works sought approval of £2,930k which also included works that were originally in scope of phase 1. As a result the cost of phase 2 is now above the original estimate of £2m.
- 2.10. NPS has full design responsibility for phase 2 works and based on their design produced a construction budget estimate of £1,975K. This excludes design, surveys, NPS costs and the client contingency which is set at 15% of the construction budget to reflect the risks associated with this specific scheme.
- 2.11. The overall scheme budget of £4.0m was approved at Executive Board in December 2016.

3. Main Points

3.1. Proposed Early Works

- 3.1.1. If approval is obtained to enter into an early works agreement, the cost of the works identified within this report will be deducted from the overall cost of construction submitted by Interserve Construction Limited.
- 3.1.2. The early works agreement will allow the project to start prior to contract award planned for Friday 20th April 2018 or as soon as possible thereafter subject to no challenge being received and following the expiry of the call in period. If any challenge is received, the contract will not be awarded until such time as any challenge raised has been dealt with.
- 3.1.3. The works identified are essential works that are required to be undertaken as part of the overall scheme but have been bought forward in order to mitigate against the risk of programme delays resulting in not delivering the critical accommodation required for September 2018.
- 3.1.4. NPS Leeds and colleagues from City Development have undertaken a joint review and confirm that the tender received from Interserve Construction Limited is correct and unqualified. Interserve has submitted a proposal that meets the requirements set out in the Invitation to Tender documents published by Leeds City Council.
- 3.1.5. The construction cost for the scheme is £1,493K and NPS Leeds has confirmed that the price submitted represents value for money and provides the Council with the most economically advantageous tender. NPS' pre tender estimate was £1,975K which is 24% higher than the price submitted by Interserve Construction Limited.
- 3.1.6. The early works proposal consist of the following components:

- **Early Procurement**
 - Groundworks
 - Steelwork
 - Windows
 - M&E
 - Roof

- **Enabling Works**
 - Removal of trees vegetation
 - Topsoil strip to all new areas
 - Cut, fill and piling mat
 - Break out existing ramp to link area
 - Demolition works

- **Substructure**
 - Piling

- **Foundations**
 - Ground beams
 - Pile caps and ground beams
 - Underslab drainage

Other costs include overhead and profits, provisional sums and construction risk.

3.1.7. The project will be delivered by the Council's City Development department in conjunction with NPS acting as lead designer and technical advisor.

4. Programme

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

Milestone	Date
DCR approved (Early Works)	Wednesday 11 th April 2018
Early works start on site	Monday 16 th April 2018
Contract Award (Phase 2)	Friday 20 th April 2018
Work begins on site (Phase 2)	Monday 23 rd April 2018
Final completion	Friday 19 th October 2018

4.2. The main contract for the extension work is planned to be awarded in April 2018 with the work commencing in April 2018 with full completion of all works by October 2018.

5. Corporate Considerations

5.1. Consultation and Engagement

5.1.1. The proposal to expand the school was subject to a statutory process issued on September 2016 including public consultation. The expansion of the school was subsequently approved by Executive Board in December 2016.

5.1.2. The proposed permanent expansion scheme has been subject to consultation with key stakeholders including officers from Children and Families, Ward Members and the Executive member for Children and Families. Consultation has also involved school staff and governors, the local residents and other colleagues within the Council.

5.1.3. Planning approval for phase 2 works was obtained in February 2018.

5.1.4. Throughout the design process, the school and governing body has and will continue to be consulted on the design to ensure that the final product meets expectations and that any changes proposed do not materially affect the operation and success of the school. The school governing body have also formally given their support for the scheme. The school officially signed off design freeze for phase 2 work in October 2017.

5.1.5. Public consultation at the school, as part of the planning process for the phase 2 works was held on 14th June 2017 where representatives from Planning, Highways, PPPU and NPS were in attendance to discuss the proposals for the new build works for phase 2 of the school expansion.

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 for this scheme and the outcome of the screening is that an independent impact assessment is not required for the proposals as set out in this report.

5.3. Council Policies and Best Council Plan

5.3.1. This scheme is due to be delivered under the City Council's Learning Places Programme and is required to fulfil the Local Authority's statutory responsibility to provide sufficient school places.

5.3.2. Contract Procurement Rules (CPRs) apply to this process and this Report confirms that the relevant CPRs have been adhered to.

5.3.3. This contributes to the 2017/18 Best Council Plan outcomes for everyone in Leeds to 'Do well at all levels of learning and have the skills they need for life'; 'Be safe and feel safe' and 'Enjoy happy, healthy, active lives'. It also supports the priority set out in the plan of being a child friendly city by 'keeping children safe, supporting families, raising aspirations and educational attainment'.

5.3.4. It also supports the vision in the supporting 'Children and Young People's Plan 2015 – 19 to build a child friendly city with a focus on ensuring all children and young people are safe from harm; do well at all levels of learning and have the skills for life; enjoying healthy lifestyles; have fun growing up; are active citizens who feel they have a voice and influence. The programme seeks to deliver a supply of good quality places which can contribute to these outcomes.

5.4. Resource and Value for Money

5.4.1. The project is being delivered through the YORbuild2 framework with a contractor being appointed by a competitive process. The YORbuild2 framework is an approved framework and the proposed procurement process is in line with CPR 3.1.5 (CPRs 3.1.4 and 3.1.6 does not apply as there is no ISP, or existing provider to undertake this work).

5.4.2. Tenders received were evaluated on a price only basis with the lowest compliant tender being selected. Works drawing contained in the tender documents have been fully designed by NPS, all tenderers have priced the same information therefore a price only evaluation allows direct comparison.

5.4.3. Interserve achieved a score of 100% and all unsuccessful organisations were informed of the decision via YorTender on Tuesday 3rd April.

5.4.4. NPS have been commissioned to provide lead designer and technical advisor services. The scope of service is for NPS to provide PPPU with design services and technical advice through the feasibility, design & procurement process. The scope of the service is also to provide the necessary technical advisory services to assure that the scheme being developed by the successful Contractor offers value for money, meets the requirements of the brief, conforms to an agreed market testing strategy, meets the standards set in the LCC Generic Output Specification and is deliverable within the parameters of the programme.

5.4.5. The pre tender estimate developed by NPS is £1,975K, however as a result of the competitive process undertaken by the Council, the construction cost of the scheme has reduced to £1,493K.

5.4.6. The capital costs will be met through capital scheme number 32450/HAW/EXP as part of the Learning Places Programme.

5.5. Capital Funding & Cash Flow

Basic Need Primary Expansion 2017/18			Parent Scheme Number: 32450/HAW/000				
Previous total Authority to Spend on this scheme	TOTAL £000's	To March 2017 £000's	2017/18	2018/19	2019/20	2020/21	2021 on
			£000's	£000's	£000's	£000's	£000's
LAND (1)	0.0						
CONSTRUCTION (3)	246.3			246.3			
FURN & EQPT (5)	0.0						
INTERNAL FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	246.3	0.0	0.0	246.3	0.0	0.0	0.0
Authority to Spend required for this Approval			2017/18	2018/19	2019/20	2020/21	2021 on
	TOTAL £000's	To March 2017 £000's	£000's	£000's	£000's	£000's	£000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
INTERNAL FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)			2017/18	2018/19	2019/20	2020/21	2021 on
	TOTAL £000's	To March 2017 £000's	£000's	£000's	£000's	£000's	£000's
BASIC NEED GRANT	246.3		0.0	246.3	0.0		
TOTAL FUNDING	246.3		0.0	246.3	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

5.6. Revenue Effects

5.6.1. There are no revenue implications arising from this refurbishment.

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

5.7.1. The approval for this project to proceed as set out in this report follow the delegations for the Learning Places Programme approved by Executive Board in June 2017. Executive Board has already approved the authority to spend for the project as required in Financial Procedure Rules and the decision to proceed in this report constitutes a key decision and as such will be subject to call in.

5.7.2. The Head of Learning Systems Children and Families has delegated authority to approve the expenditure of £246.3K from capital scheme number 32450/HAW/EXP. This authority is set out in the Council's constitution under the Director of Children and Families sub-delegation scheme.

5.7.3. As the value of the approval request is less than £250k, the approval request represents a Significant Operational Decision and is therefore not subject to call in.

5.8. Risk Management

5.8.1. Risk is being managed through application of 'best practice' project management tools and techniques via the City Council's 'PM Lite' risk methodology. Experienced Project Management resource has been allocated from within City Development.

5.8.2. The proposed early works are a key component of the critical path and any delay to this could result in the contractor unable to deliver the critical accommodation required for September 2018.

5.8.3. A priced risk log covering this and the main works in phase 2 has been developed for the scheme by Leeds City Council which has been incorporated into the tender documents and will be jointly reviewed and further developed with the successful contractor. The priced risk register has been used to inform the client contingency for the project which has been set at 15% of the construction budget. The level of contingency reflects the high level of risks associated with a scheme of this type.

5.8.4. The council's project risk log will be maintained and updated throughout the project and escalation of any risks that sit outside of the agreed tolerances will be managed via the Head of Programme (PPPU).

5.8.5. The key risk to the project is the construction period to ensure that the new classrooms are available for the school to use from September 2018. A contingency plan of utilising other accommodation within the site is being developed and will be agreed with the school. There is provision in the main contract to apply liquidated damages in the event that the accommodation is not ready for September 2018.

5.8.6. Planning approval has been granted and the proposed early works are within the scope of the approval granted.

7 Conclusions

7.1 The project timetable for the Hawksworth Wood Primary School expansion is extremely challenging but achievable. However this is at risk if the Council does not enter into an early works agreement with Interserve Construction Limited.

7.2 Therefore it is imperative that in order to achieve the project timetable, approval to enter into an early works agreement is approved. Without an early works agreement, there is

a high risk that the critical accommodation required for September 2018 will not be delivered and the project will incur additional cost.

- 7.3 The project will be delivered by the Council's City Development department on behalf of Children and Families with NPS acting as lead designer and technical advisors. A construction partner has been selected via a competitive tender using the YORbuild2 framework. The YORbuild2 framework is based on the NEC3 form of contract Option A (priced contract with fixed penalty activity schedule).

8 Recommendations

The Head of Service, Learning Systems, Children and Families is requested to:

- i. Approve the expenditure of £246.3K from capital scheme number 32450/HAW/EXP to enable early works to be carried out prior to the main contract award.
- ii. Approve entry into an early works agreement to the value of £246.3K with Interserve Construction Services Limited.
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- v. Note that support and approval of the DCR for phase 2 works was obtained from the Director of Resources & Housing and the Director of City Development on Wednesday 6th March 2018 prior to submitting for approval to the Director of Children and Families.
- vi. Note that a budget of £4.0m was granted at Executive Board in September 2016 and that this includes the capital costs for phase 1 and 2 DCRs.

9 Background documents¹

- 9.1 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.