

NORTH LINCOLNSHIRE COUNCIL

PEOPLE CABINET MEMBER

AWARD OF CONTRACTS FOR BSF PROJECTS AT ST BEDE'S CATHOLIC VOLUNTARY ACADEMY, FREDERICK GOUGH SCHOOL AND ST HUGH'S COMMUNICATION AND INTERACTION SPECIALIST COLLEGE

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To approve the award of Design and Build Lump Sum contracts and a deed of variation to Engage North Lincolnshire Ltd ('LEP') for rebuilding and remodelling works at 3 schools.
- 1.2 The key points in this report are as follows:
- The council has a contractual framework in place with the LEP to deliver the BSF programme.
 - The council has received proposals from the LEP for works at St Bede's Catholic Voluntary Academy, Frederick Gough School and St Hugh's Communication and Interaction Specialist College.
 - Officers recommend that the Cabinet Member urgently approves the award of contracts to the LEP to deliver the proposals in accordance with the councils Contract Procedure Rules.

2. BACKGROUND INFORMATION

- 2.1 On 6 July 2009 the Children's Services Cabinet Member approved the award of a series of contracts to form a contractual framework (SPA) between the council and the LEP to deliver the BSF programme. This approval included the specific projects at Melior Community College and Brumby Engineering College, an ICT contract and Facilities Management (FM) Agreement for all schools. Subsequently, the Children's Services Cabinet Member has approved the award of contracts for projects at Invenio Academy and the St Lawrence Academy.
- 2.2 New projects require Cabinet Member approval to obtain funding approval to award specific Design and Build contracts.

- 2.3 EFA Stage 0 funding approval for works at St Bede's Catholic Voluntary Academy and Frederick Gough School was received on 29 September 2011. This approval was conditional upon the acceptance of a project specific Final Business Case (FBC) by the EFA. Once this project specific FBC is approved the EFA should issue a promissory note which means the council can move to Financial Close with assurance that the funds are available.
- 2.4 The Strategic Partnering Board (SPB) approved Stage 1 proposals for St Bede's Catholic Voluntary Academy and Frederick Gough School on 12 October 2011 and stage 2 proposals on 19 February 2013.
- 2.5 Following Stage 1 approval, projects were agreed with the LEP, each respective school and the BSF team. These projects were scheduled for 'Stage 2' submission during February 2012. Following delays as a result of design management, affordability and a proposed LEP/Private Sector Partner (PSP) majority shareholder change, the LEP submitted complete Stage 2 proposals for St Bede's Catholic Voluntary Academy and Frederick Gough School on 13 February 2013. The council is currently undertaking due diligence with regard to the proposed LEP/PSP majority shareholder change.
- 2.6 In accordance with the 'New Projects Approval Procedure' (as defined by the SPA), the council has now received stage 2 proposals from the LEP and has evaluated the proposals against a defined set of time, quality and cost criteria.
- 2.7 The target financial close date is 20 March 2013, with start on site dates scheduled to follow as soon as possible. The council's BSF team has produced a project specific FBC that subject to relevant approvals will be submitted to EFA imminently. The LEP and the council have finalised the proposed Design and Build contracts and the LEP has confirmed its replacement sub-contractor, Clugston Construction Ltd, will enter into Design and Build contracts currently held by the council, although a formal undertaking is required from the LEP in this respect. Due to the timescales noted above, this matter must be progressed urgently.

3. OPTIONS FOR CONSIDERATION

- 3.1 The following options are available for the Cabinet Member to consider.
 - 3.1.1 **Option 1** – Urgently approve the award of Design and Build Lump Sum contracts.
 - 3.1.2 **Option 2** – Do not approve the award of Design and Build Lump Sum contracts.

4. ANALYSIS OF OPTIONS

4.1 Option 1

- 4.1.1 The proposals meet the council's requirements in respect of defined time, cost and quality criteria. New build costs are within both the EFA 'benchmark range' costs and SPA Continuous Improvement Plan level 2 target cost. On this basis, the projects are considered to be capable of proper acceptance. The proposals do not refurbish all elements of existing buildings and each school will be required to fund some life cycle related costs on a programmed basis post – BSF.
- 4.1.2 Each school requires new build facilities to meet school curriculum needs and deficiencies in provision. For example, both secondary schools are deficient in Sports Hall provision and suitable teaching areas. Proposed new build works focus on these priorities. St Hugh's Communication and Interaction Specialist College requires additional provision to accommodate curriculum provision not currently available in the main school.
- 4.1.3 Due to affordability issues and following discussions with each school, some buildings that were relatively expensive to demolish have been retained. This is consistent with St Bede's Catholic Voluntary Academy and Frederick Gough School's desire to retain some existing buildings. This is likely increase the net capacity of each school.
- 4.1.4 The Stage 2 proposals submitted by the LEP for St Bede's Catholic Voluntary Academy and Frederick Gough School projects are within the target budgets allocated as previously approved by Cabinet on 10th June 2009. The target budgets have been revised to include the 'savings and efficiencies' capital reductions confirmed to the council by Partnerships for Schools on 17 May 2011.
- 4.1.5 Approving the award of Design and Build contracts will allow construction work to commence on site at the earliest opportunity and will enable continuous provision of education during the construction phase of the works. There has been extensive consultation on the phasing plans to minimise disruption to schools operation. Each proposal includes some off site fabrication of building elements to minimise construction time on site. Each school has an agreed decant programme which does not currently require further temporary accommodation.

4.2 Option 2

- 4.2.1 This would delay commencement of the works on site and is highly likely to compromise the award of any funding for these projects. An alternative means of progressing the projects would need to be found that could increase time related costs.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 Financial – the cost of these projects are within the overall BSF programme budget agreed by Cabinet on 10 June 2009, including the ‘savings and efficiencies’ reductions noted in 4.1.4 above.
- 5.2 A capital grant provided by EFA will meet the total cost of delivering these projects.
- 5.3 St Bede’s Catholic Voluntary Academy and Frederick Gough Schools have signed a Schools/Governing Body Agreement, confirming their commitment to ongoing FM and ICT related costs. St Hugh's Communication and Interaction Specialist College are not required to sign an agreement as the project is deemed minor works.
- 5.4 Staffing – delivery of these projects will managed by existing North Lincolnshire Council and LEP BSF staffing allocated for this project, with support from external resources where in-house resources are not available.
- 5.5 Property and IT – each project consists of a mix of new build and refurbished buildings. The buildings will require ongoing maintenance and each school will be supplied with a service life table and planned maintenance schedule indicating the extent of repairs and maintenance required over the forthcoming 25 year period. A separate ICT Managed Service Contract with the LEP executed on 21 July 2009 provides support services to maintain and develop ICT to an appropriate standard as defined within the revised service specification.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 Statutory – progression of the works via Design and Build contracts will enable the council to fulfil its legal and statutory construction, design and procurement obligations, saliently those contained within the Building Regulations, Construction (Design and Management) Regulations, Health and Safety and Work Act, various Approved Codes of Practice issued by the Health and Safety Executive, the Public Contracts Regulations and the councils Contract Procedure Rules. The LEP is required to discharge all relevant planning conditions within its control prior to financial close.

- 6.2 Environmental – the agreed construction work and processes will reduce adverse impact on the environment. The completed new build developments will achieve at least BREEAM ‘good’ rating for the new build construction. The St Bede’s Catholic Voluntary Academy and Frederick Gough School projects will meet the councils Planning related target of 20% on site renewable energy generation for the new build elements
- 6.3 Diversity – when completed the new buildings will be fully accessible for people with disabilities and will provide facilities to enhance the extended schools offer. Existing refurbished buildings will have some limitations, however each school will make management arrangements to ensure all curriculum areas are accessible, by ensuring appropriate provision in accessible areas.
- 6.4 Crime and disorder – there are no direct implications.
- 6.5 Risk – all risks at programme level are recorded in a programme risk register, actively managed by the BSF Programme Director Project specific risks are recorded in a project specific risk register and are actively managed by the project team including the school and reported monthly to a LEP progress meeting held at each school.

7. OUTCOMES OF CONSULTATION

- 7.1 Extensive consultation with professional advisors and school representatives has been undertaken throughout the development of the project. Outcomes of this consultation are incorporated within the following recommendation.

8. RECOMMENDATIONS

- 8.1 The Cabinet Member urgently approves the award of the Design and Build contracts for works at St Bede’s Catholic Voluntary Academy and Frederick Gough School, and the execution of a deed of variation to the Frederick Gough School contract for the St Hugh's Communication and Interaction Specialist College works, conditional upon:
- there being no significant change to the agreed price and risk allocations between the LEP and council before financial close
 - receipt of an undertaking from the LEP as noted in 2.5 above
 - supply of acceptable information from the LEP to the council to enable it to complete due diligence in respect of the LEP/PSP shareholding sale and also information required in accordance with the SPA Stage 2 Approval Content Requirements, specifically but not exclusively relating to
 - the detailed choreography of the interaction between, and execution of, the shareholding sale noted in 2.8 above and the Design and Build contracts, and
 - the financial and technical capacity and capability of the LEP’s replacement sub-contractor to undertake the design and build works

- 8.2 The Cabinet Member authorises the Director of Policy and Resources (or his authorised person) to sign, seal, execute and deliver all legally binding documents relating to the progression of the BSF projects at St Bede's Catholic Voluntary Academy, Frederick Gough School and St Hugh's Communication and Interaction Specialist College.

DIRECTOR OF PLACES

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Date: 6 March 2013

Background Papers used in the preparation of this report - None.