


PROCUREMENT COMMITTEE		on 27 th April 2010
Report Title. Building Schools for the Future: Variation to Contract for Woodside Inclusive Learning Campus		
Report authorised by Director of the Children & Young People's Service		
Signed: 		
Contact Officer : Jon McGrath 020 8489 1818 jon.mcgrath@haringey.gov.uk		
Wards(s) affected: Woodside	Report for: Key Decision	
1. Purpose of the report 1.1 To seek Procurement Committee approval to vary the Woodside Inclusive Learning Campus contract with the Main Contractor by the amount detailed in Section 16 subject to BSF Board Approval for support for the change and affordability and demonstration that the amended scope to the contract represents Value for Money. 1.2 The variation is being raised to build a new block to cater for Music, Art, Drama and the LRC, rather than refurbishing an existing block, as specified in the original contract. This will provide better educational and community benefits, improved Value for Money and reduced lifecycle costs.		
2. Introduction by Cabinet Member 2.1 Having considered the alternative proposals I am satisfied that in the long term the recommended option is the most cost effective and sustainable way of proceeding. The new block will deliver a huge improvement for the school and this will impact positively in assisting the learning of existing pupils but will also improve the image of the school which will help attract pupils into the future.		

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1 Council Priorities

- 3.1.1 The scheme will contribute to Haringey's Greenest Borough priority by replacing an old building with one that is significantly more energy efficient, environmentally friendly and sustainable
- 3.1.2 The construction partner has undertaken to implement the Council's policies in respect of employing local labour and creating apprenticeships for local people.

3.2 Resources

3.2.1 Value for Money

- 3.2.1.1. Overall Value for money is achieved by the procurement methodology to prove the economy, efficiency and effectiveness of each project as it is tendered.
- 3.2.1.2. The PRP Stage C cost plan has been benchmarked against the tender sum and market tested quotes and rates received for new build in other parts of the school site and as this was a competitive tender PRP believe this demonstrates VFM at this stages.
- 3.2.1.3. The design of the building will also have a number of design workshops / VE workshops to ensure best and most economic design solution. This can already be demonstrated by the debate around the positioning of the building in relation to both the underground services and the relationship with surrounding buildings. Moving forward into resolution of a tender sum, PRP are looking for a mixture of negotiation with various sub contractors using their rates from Block Y and at the same time also market testing any revised requirements.
- 3.2.1.4. As a further check CPG will carry out a full audit on the final tender sum as agreed with the Main Contractor. By applying this methodology, PRP are confident VFM can be demonstrated at all stages.

3.2.2 Engagement of the Community

- 3.2.2.1. Extensive consultation has been undertaken with the Schools and other key stakeholders to inform the Stage C design. Further consultation will take place through subsequent design development stages.

3.2.3 Risk Management

- 3.2.3.1. Risks are managed within the governance of the BSF programme. This includes Stream Lead meetings and reporting to the Programme Board. The projects are managed within Prince 2 methodology and Managing Successful Programmes.
- Procurements are managed in accordance with the Public Contract Regulations 2006 and the Councils Contract Standing Orders and advice is taken from legal advisers to ensure compliance.

4. Recommendations

- 4.1 That procurement committee gives outline approval to vary the construction contract for Woodside Inclusive Learning Campus to enable a new block to be built for Music, Art, Drama and the library, rather than refurbishing an existing block, as specified in the original contract. This will provide better educational and community benefits, improved value for money and reduced lifecycle costs.
- 4.2 A further information report will be provided to the procurement committee to confirm the final price agreed by BSF Board.

5. Reason for recommendation(s)

- 5.1 In April 2007, following an Official Journal of the European Union (OJEU) process, Haringey's Procurement Committee agreed a framework of six Constructor Partners (CPs) to provide construction services on the BSF programme. The construction work on the twelve school projects in the BSF programme was sourced using the CPs in compliance with relevant procurement legislation and the framework terms.
- 5.2 The Procurement Committee considered the recommendation for award of the Main Contract for the Woodside Learning Campus BSF works on 18th December 2008 and awarded the contract to the Main Contractor disclosed in section 16 of this report based on the outcome of the mini competition.
- 5.3 The original scope of works for the Woodside Inclusive Learning Campus was predominantly new build. However, at concept design stage (Stage A/B), initial high-level cost estimates showed that a new building to replace Block C (an ageing building in poor condition housing nine classrooms, the Learning Resource Centre and many offices) would be unaffordable. Therefore, it was decided to proceed with the affordable option of refurbishing Block C and this formed the agreed basis of the remaining design development and subsequent contract negotiations.
- 5.4 In Autumn 2009, the Main Contractor signalled that compliance with current building regulations to secure adequate heating and ventilation in Block C would require substantial internal ventilation ducting works and equipment on the roof. Additional ducting would restrict the already limited headroom in the classrooms, creating a less than ideal teaching environment. A further on-going maintenance problem would also be created, as it would be necessary to incorporate numerous 'holes' through the structure for the ductwork to pass down through the roof and into the building. The additional equipment on the roof would require further planning permission having regard to its overall impact and could also cause structural problems; as the roof is considered to be structurally inadequate to take the weight of the associated plant and equipment that would be required, without the inclusion of significant additional structural works. Proceeding with the works in Block C carried significant additional costs that would not create a conducive learning environment, as a consequence a joint process was engaged in December 2009 to establish the best

alternative solution. Historically, the early design for the Learning Campus had included demolition of Block C and building of new facilities, this concept was revisited and developed further with the Main Contractor.

5.5 In December 2009, the Main Contractor tabled a proposal to build a new block (known as Block W) with a gross internal area of just under 1,500 square metres instead of re-furbishing Block C. The proposal is predicated upon construction of Block W taking place concurrently with the construction of the new Special School (Block Z) which is due to commence on site in July 2010, and involves demolition of the existing Block C once the new block is completed.

5.6 In order to meet this challenging timescale, BSF Board gave approval at its meeting on 9th March 2010 to commission Penoyre & Prasad, the design team partner, to develop designs for Block W through to Stage D in time for the appropriate Planning Application to be submitted and approved prior to the commencement of construction on site.

5.7 The Stage C Design was reviewed by the BSF Design Stage Review Group on 10th March and approved with comments. This was approved by the BSF Board meeting on 23rd March 2010, confirming that this design could progress to Stage D.

5.8 The Main Contractor has indicated that a formal instruction to vary the Contract will need to be issued by mid June 2010 in order to remain on programme for concurrent construction of Block W and Block Z.

5.9 Pending that instruction, the BSF Board agreed at its meeting on 9th March 2010 to instruct the Main Contractor to de-scope all works to Block C from the Contract resulting in the savings detailed in section 16. By taking Block C out of scope, other potential costs (e.g. temporary accommodation, roof repairs, design fees) have been avoided, the net result of which is that the additional contract sum now required to deliver Block W is as detailed in section 16.

5.10 Varying the exiting contract with the main Contractor is the most economical, time efficient and technical manner of delivering Block W. Other options, would incur substantial costs including prelims, additional costs of building Block W after Block Z rather than concurrently. Technically this would raise concerns over the consistency of build, finishes and integration with existing buildings and the programme would be significantly extended by up to 18 months and may invalidate warranties.

5.11 Potter Raper Partnership (PRP), the Council's Cost Consultants, produced the cost plan for the Stage C report and have based their elemental figures on the known costs of Block Y which is due for completion in June 2010. PRP will continue to monitor the Main Contractor's costs to ensure that Value for Money can be demonstrated (as detailed in sections 3.2.1 and 16 of this report) up to and including the agreement of the AMP. Approval for variance of the contract with the Main Contractor is based on the value indicated by the Stage C cost plan and it can be

confirmed that any subsequent cost drift will be managed back within the value set out in section 16. The final design will be subject to confirmation of design and funding by the BSF Board within project and contingency funds making up the agreed BSF Programme budget total.

6. Other options considered

6.1 The BSF Board considered 3 options during the meeting on 9th February:

- Option A : continue with the refurbishment of Block C as per the Employer's Requirements;
- Option B : do not re-furbish Block C – just make cosmetic improvements; and
- Option C: provide new build Block W, then demolish Block C.

The Board preferred Option C, as Block W would provide increased transformational benefits and Block C would be expensive to maintain with a relatively short shelf life. The Board requested that the programme progress Block W design to RIBA stage D to understand the design further and get greater cost certainty. If the stage D costs are not affordable and/or do not provide Value for Money, then Option B will be pursued (Option A was considered by Board to be a high cost for relatively little benefit).

7. Summary

7.1 The Procurement Committee are asked to approve the recommendations in paragraph 4 above because:

- The additional costs associated with adapting heating and ventilation solutions in Block C carried a substantial cost. Analysis of this and costs avoided by demolishing Block C are detailed in section 16.
- The quality of the teaching and learning environment will be significantly improved not only in this particular teaching block but across the whole campus. This will enhance the opportunities for increasing achievement and attainment for all students on campus.
- Lifecycle, maintenance and energy costs will be significantly lower for Block W compared to a re-furbished Block C. (potential savings as detailed in section 16) and environmental sustainability will be increased.
- Space in dining/assembly areas will become more versatile and the new Learning Resource Centre will have the potential to become a valuable facility for the local Community.

8. Chief Financial Officer Comments

8.1 The lifecycle savings set out in section 16.3 of the report are savings which will accrue to the school through its delegated revenue budget.

9. Head of Legal Services Comments

- 9.1 The Procurement Committee has power under CSO 13.02 to approve the recommendation, provided that to do so is consistent with the provisions of the Council's Financial Regulations and the Public Contract Regulations 2006.
- 9.2 The existing contract to which this variation relates was procured off a framework established under the Public Contract Regulations 2006 and in compliance with the Council's Contracts Standing Orders, approved by the Procurement Committee on 18 December 2008. As such the variation of the contract would only be permissible by use of the negotiated procedure without prior publication of a contract notice to other parties under Public Contract Regulations 2006 regulation 14(d)(i).
- 9.3 Under the Public Contract Regulations 2006, this may be done where the additional services have become necessary and cannot for technical or economic reasons be provided separately from those under the original contract or are strictly necessary to the later stages of the performance of that contract, as highlighted in paragraph 5.10 above, and the value of the additional works do not exceed 50% of the original contract value.
- 9.4 The Head of Legal Services confirms there are no legal reasons preventing the recommendations contained in this report being accepted.

10. Head of Procurement Comments

- 10.1 At the meeting on 18th December 2008, the Procurement Committee approved a contract sum of £22,322,037 with Apollo Property Services Group Ltd.
- 10.2 The recommendation to demolish block C and rebuild a new block W will result in significant lower life cycle, maintenance and energy costs as well as the improved learning space.
- 10.3 The cost consultant has prepared life cycle costings regarding the cyclical maintenance and demonstrable savings are shown in these calculations.
- 10.4 The Head of Procurement supports this variation to the initial agreed maximum price as value for money.

11. Equalities and Community Cohesion Comments

The Woodside Inclusive Learning Campus (ILC) will be the culmination of years of consultation and planning to improve the quality of provision for students at the current Woodside High, Moselle and William C Harvey Haringey schools. Moselle and William C Harvey schools are already Outstanding schools, which deliver appropriate outcomes to all equalities groups. Woodside High has moved from being a school in an Ofsted measure to improve category, to one of London's most rapidly-improving schools, with strong evidence of effective action to promote equalities. The BSF project will support this by providing the following benefits

- High quality provision in all areas of the curriculum to promote personalised learning for all, especially in English and mathematics

- Excellent accessibility to all parts of the building for all disabilities
- High quality ICT provision, including 'anywhere, anytime access' to reduce the 'digital divide' which affects low income families disproportionately
- Specialist provision for pupils at risk of exclusions to enable a more personalised curriculum to get them back on track
- Access to excellent facilities for the local community, managed by leisure services and targeted especially to groups under-represented in data on sports and physical activity participation
- for special school pupils, a purpose-built accommodation block, with state of the art facilities, augmented by access to a wider range of teaching accommodation (in the mainstream school) than is currently available

The above will be monitored through a wide range of performance indicators, in particular:

- The School Evaluation Form (SEF) which the school completed annually and which covers the areas above
- Performance data published annually on standard tests
- Regular Ofsted visits
- The School's Equality Scheme (SES) will allow the school to monitor issues in relation to race, gender, age, disability, religion and sexual orientation. The SES will also identify the key Equality Impact Assessments that the school proposes to undertake and will link in with the key issues raised in the BSF programme.

An EIA is currently being completed, to detail the impact on all equalities groups, which will be submitted by the normal Council approvals routes.

12. Consultation

12.1 The Construction Procurement Group has been fully consulted in the preparation of this report.

12.2 Extensive consultation with the Schools and other key stakeholders has informed the Stage C design. This consultation will be continued and extended throughout future design development stages.

13. Service Financial Comments

13.1 The Woodside Learning Campus BSF project budget is under substantial pressure associated with negotiation of additional heating and ventilation works at Block C to meet building regulations, and the cost of residual maintenance works associated with Block C to bring it up to an acceptable standard. The details of this are set out in section 16 of this report.

13.2 The BSF Board will consider a detailed business case for this variation to the Woodside Learning Campus project in mid April. This will consider the benefits of an alternative solution in cost and educational terms. The BSF Board will also consider the affordability of this variation, which will require careful integration with key decisions associated with other BSF Projects.

13.3 Subject to the discussion set out above, approval of this recommendation based on details set out in section 16 of this report will be subject to availability of funding

approved by the BSF Board. This will be considered by the BSF Board on 13th April 2010, so the outcome of those discussions will be known on the date of the Procurement Committee.

13.4 In summary, the variation set out in this report can only continue if a package of funding is approved by the BSF Board at its meeting on 13th April 2010.

14. Use of appendices /Tables and photographs

14.1 Appendix 1 (16)

14.2 Stage C Cost Plan (16.2)

14.3 Lifecycle Costs (16.3)

14.4 Programme Milestones (16.6)

15. Local Government (Access to Information) Act 1985

15.1 The following documents were used in the compilation of this report:

15.2 The Council's Standing Orders

15.3 Appendix 1 of this report contains exempt information and is not for publication. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

- *Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).*