



Report of the Executive Member of Children, Young People and Families

Executive	Date: 29th September	Ward(s): St Georges
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The appendix to this report is exempt and not for publication.

SUBJECT: Procurement Strategy – Tufnell Park Primary School Redevelopment

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of the redevelopment of Tufnell Park Primary School in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The redevelopment of Tufnell Park Primary School is a capital investment priority for the council. The school will increase in size from a 1.5 Form Entry school and nursery to a 3 Form Entry and nursery with provision for two year olds. The whole school will be redeveloped providing substantially improved accommodation for its pupils. The scheme will include new landscaping of the whole area. The pupils will be housed in temporary accommodation whilst the new school is being built. The enlarged school will be occupied from September 2019. The current school has very limited space for both staff and pupils and the condition of the building would require significant investment.

The Council published its School Place Planning report in November 2015 and the Executive has received and approved:

- Provision of Sufficient School and Childcare Places, 16 June 2016

The Executive is asked to note that analysis of pupil place planning demonstrates there to be a shortfall of school places over the medium to long term. Any necessary statutory consultation will be undertaken in advance of any permanent increase in the school's Published Admission Number. It is intended that this is undertaken in the Autumn of 2016.

2. Recommendations

- 2.1 To approve the procurement strategy for redevelopment of Tufnell Park Primary School as outlined in this report.
- 2.2 To procure a design and build contractor to undertake pre-construction contract duties using the Southern Construction Framework (SCF), Lot 3 London Construction Projects £5m plus, and to undertake a mini competition pursuant to that framework.

To delegate authority to the Corporate Director of Children's Services in consultation with the Corporate Directors of Finance and Assistant Chief Executive (Governance and HR) to enter into a Pre-Construction Agreement with the selected design and build contractor.

To note that the contract award of the Design and Build Contract for the works will be subject to separate Executive approval.

- 2.3 To note that the proposed school development will provide capacity for three forms of entry and facilities for 2 year olds. Such a development would help to meet the projected need for places in the borough and help to satisfy the Authority's obligation to provide sufficient school places.

3. Background

3.1 Nature of Service

There will be a shortfall in primary school places in Islington from September 2019, particularly in Planning Area 1, with pressure on school places from September 2019 and into the longer term. There are few options to expand the number of school places available in the area and it is essential that every opportunity is considered to support the council's need for school places over the coming years. All schools were invited to express an interest in the potential expansion of their school. Tufnell Park School was chosen after a review of the quality of education and governors' willingness to expand. Discussions with the planning department also indicated that this was the preferred scheme. This project was the most cost effective of the options proposed as it provided the most places at the most reasonable cost. The procurement will cover the design team as well as all the construction costs. A feasibility study has been completed which has helped to confirm design and accommodation requirements for the new school prior to embarking on a full procurement process.

3.2 Estimated Value

Feasibility analysis has been undertaken to determine the options available to meet demand for school places. A report was considered by the Executive in June 2016 which demonstrated the need for additional primary school places and agreed a contribution from the Community Infrastructure Levy towards the redevelopment of Tufnell Park Primary School as a three form entry school. The remainder of the project budget is funded from the Children's Services Basic Needs allocation. Refer to Appendix 1 for more financial information.

The overall budget estimate is £14m, inclusive of all project related costs, surveys and professional fees. The project is expected to take approximately three years. The enlarged school is anticipated to be occupied from September 2019.

Through the development of design and construction proposals, consideration will be given to methods of value engineering the project to improve overall project costs and the duration of the works. Where possible, early involvement of the supply chain will provide more certainty on elemental costs and will assist in programming activities on site. Consideration will also be given to use of alternative materials or manufacturers as well as the extent to which system build (off site prefabrication) can be utilised. The budget is based on the current market rates for the works that are being completed at our other two major school capital builds. Fees have been estimated and benchmarked against similar and existing school build projects. The budget has been confirmed by the Executive in June 2016. The overall budget is in line with the DFE allocations for new places. In the event of the budget being cut an

exercise to value engineer the project will be made. If this results in the scheme not being able to deliver additional places the scheme may not go ahead. Savings will be dependent on planning requirements.

3.3 Timetable

The following provides an indication of timescales for the procurement, development of design and construction proposals, and for the construction works. The dates are subject to confirmation once the design and build contractor has been appointed. Consideration is to be given to progressing works in advance of the contract being signed in order to mitigate the impact of any delays on the school and to best enable on time completion. Such measures could include the manufacture and installation of temporary accommodation which could be managed through the pre-construction agreement, subject to planning requirements and confidence on overall project affordability.

- Appointment of advisors (Autumn-16)
- Surveys and title searches (ongoing)
- Market testing and Notification to SCF (Oct-16)
- Stage 1 Mini procurement competition through SCF (Oct to Nov-16)
- Stage 2 Mini procurement competition through SCF (Nov to Dec-16)
- Select Preferred Bidder for Pre Construction Agreement (Dec-16)
- Development of design and construction proposals (Jan to Jul-17)
- Review/clarification of proposals and affordability (Mar to Jul-17)
- Submission of detailed planning application (Apr-17)
- Executive approval, design and build contract award (Jul/Aug-17)
- Enabling works (TBC)
- Construction start (Sept-17)
- Construction end (Aug-19)
- Completion of demolition and landscaping (Dec-19)

3.4 Options Appraisal

The Council has undertaken a review of procurement options. These are set out below with a recommendation as to which option provides the most cost effective and efficient method of procurement. The options considered are:

- a) OJEU Restricted or Open Procedure run by the Council for the combined design and build elements. This could provide enhanced value for money, but would be a lengthy and complex process with potential significant impact on programme. Market intelligence and experience reported from many other London Boroughs suggests that construction companies are not bidding for such projects (at this value), given the time and resources required to tender when balanced with the chances of being successful and given the buoyancy of the market. In our experience this method of procurement is time consuming and costly.
- b) Use an existing OJEU compliant Design and Build Regional or National Framework. This would make the procurement process more efficient, removing the need to pre-qualify potential contractors, and starting from a short-list of competent contractors with experience of delivering similar sized projects in live school environments. The Council would utilise an existing legally compliant tender process and conduct a mini competition to appoint a contractor and design team. This is the most time efficient method and one which engages the contractor early to inform build-ability and construction costs. It is essential that the new places are available as failure to deliver sufficient school places could result in the opening of Free schools in the borough. There is open book market testing of building elements to assure value for money. We will appoint a quantity surveyor to ensure that value for money and costings are accurate and in line with current market prices. We regularly have to inform the Education Funding Agency on the use of our Basic Need funding which are then benchmarked nationally. This option is the one recommended.

- c) Separate design and build tenders. This would require multiple procurement exercises to take place to secure a design team and then a contractor. Whilst this might provide a solution which best meets school requirements there is a risk that the actual costs may be greater than forecast and that insufficient thought is given to build-ability and methods of mitigating disruption to school operations. There would be limited opportunity for the contractor to undertake site surveys and price risks or alter proposals and as such, there is often greater potential for claims and disputes during the works. This two-phase procurement would take more time than options a) and b) above.
- d) Use hybrid of b) and c) whereby a design team is appointed first to develop detailed design upon which the contractor is appointed through a framework. This is approximately 6 months slower than option b).
- e) Use of the Local Education Partnership (LEP). The LEP has been used to deliver similar value new build school re-developments in Islington, but since this time has reduced in capacity and now focuses its attention on managing operational facilities management contracts. The Strategic Partnering Agreement which governs the Council's relationship with the LEP expires during the development period. Similar programme to option b) above. Commercial agreements are already in place and would be subject to minor amendment only.

Following consultation with Legal Services and Strategic Procurement, it is recommended that option b) *Southern Construction Framework (SCF), Lot 3 London Construction Projects £5m plus* be approved as the most appropriate framework for this type of project. The following contractors are on this framework:

- BAM Construction Limited
- Bouygues
- Galliford Try Construction
- Kier Construction Ltd
- Mace Ltd
- Morgan Sindall Plc
- Wates Construction Ltd
- Willmott Dixon

There is no fee to be paid directly to the Southern Construction Framework, although a levy of 0.2% of contract value is paid through the appointed contractor. As part of the call-off procedure, contractors will be required to demonstrate that they have self- cleansed. This Framework was used to procure the Moreland and Dowrey Street projects.

3.5 Key Considerations –

- Additional school places will be available in an area where there is a projected shortfall in the future.
- The project will contribute to the regeneration of the area, creating local employment and training opportunities.
- Contractors will be asked to confirm that they will pay the London Living Wage during the mini competition, and this will be a condition of the Pre Construction Services Agreement and the Design and Build Contract.
- As this contract is not an existing service, it is not expected there will be any TUPE implications.

Refer to Section 4.6 for more detail on Social Value considerations.

3.6 Evaluation

It is intended that collaborative working takes place though the framework at all stages of the project. Part 1 of the mini-competition invites all framework contractors to respond. Once evaluated, typically

three contractors are then taken forward to submit more detailed Part 2 proposals which will enable the Council to select a successful contractor. At this point, a Pre-Construction Agreement, (PCSA), is entered into with the successful contractor. Following submission of a Detailed Planning Application, it is intended that contract documentation be developed and agreed between parties in order that works can start soon after the approval of the Planning Application.

The evaluation criteria used throughout the mini-competition will be based on the following:

Part 1

- Availability – Yes/No
- Resource and project understanding

Contractors will be asked to provide a proposed project team and demonstrate their experience relevant to the requirements of this project, and how their understanding of the overall project and how they intend to work with stakeholders to deliver the project’s requirements.

Part 2

- Social responsibility – Pass/Fail
- Technical criteria – 70%
- Financial criteria – 30%

As part of the Social responsibility criteria, contractors are obliged to complete an Employment and Skills Plan (ESP) for the project showing, for example, the number of work experience placements, number of skilled trade apprenticeships and NVQ starters and the use of the local labour and participation in school events across the borough. The provision will have to meet a minimum benchmark for projects of a similar type and size. Contractors will be asked to provide their approach to successful delivery of the ESP.

Technical criteria include risk management procedures and registers, a complete project execution plan demonstrating overall programme including stakeholder consultation, design development, planning, cost planning, supply chain and market testing and the construction works. The criteria will also assess proposals to construct and phase works in an operational school.

The financial evaluation is made up of method statements demonstrating procedures to check and secure affordability and value for money during the PCSA and throughout development of design and construction proposals, approach to risk and value management, a build-up of project specific preliminary costs, management structure and fees for all stages of the project and confirmation of rates for overheads, profit and insurance.

3.7 Business Risks

Risk	Action
Availability of sufficient primary school places to meet the Council’s statutory requirements	<ul style="list-style-type: none"> • Review programme implications of procurement options. • Consider mitigation strategy early.
Delivery of the new school building on time	<ul style="list-style-type: none"> • Procurement and PCSA phase of project to be undertaken in accordance with programme, and to assure availability and competency of contractor. • Design to take account of phasing and construction methods • Consideration of pre-manufactured building system. • Robust contract management procedures.
Market conditions and impact on contractor/supply chain availability and prices	<ul style="list-style-type: none"> • Review procurement options and market interest. • QS involvement at earliest stages.

	<ul style="list-style-type: none"> • Supply chain involvement through design stages where practicable.
Affordability of project	<ul style="list-style-type: none"> • QS involvement at earliest stages. • Stakeholder management and procedure to control changes. • Ensure adequate surveys of site early. • Risk management strategy. • Regular cost checks and benchmarking of rates. • Market testing and interrogation of cost plans. • Value engineering.
Suitability of design to meet school requirements	<ul style="list-style-type: none"> • Clear design brief and specification. • Stakeholder engagement strategy. • Appointment of suitable design team through procurement exercise. • Consultation with pupils, staff and parents/governors • Compliance with design guidance
Impact on school during the works	<ul style="list-style-type: none"> • Consider throughout design. • Early involvement of contractor. • Robust specification of temporary buildings. • Consideration of timing of heavy works. • Noise, dust, vibration monitoring.
Planning and impact on local neighbours	<ul style="list-style-type: none"> • Involve planning officers early through pre planning agreement. • Considerate design and pre-planning neighbour consultation. • Members' review panel. • Design Review Panel.
Ground conditions and other site abnormals – including asbestos and sloping site and title information	<ul style="list-style-type: none"> • Survey and make allowances. • Design out impact where possible. • Undertake title searches.
Utilities – required disconnections, diversion and new supplies with potential impact on programme and costs	<ul style="list-style-type: none"> • Obtain information from stats and survey. • Place orders early and manage in accordance with the programme • Understand impact of demolition of half school and diversion of existing services to suit.

Opportunities	Action
Additional school places and staffing requirements	Procure, design and build a new school.
Sustainability enhancements	Design in accordance with planning policy requirements and see where enhancements can be provided.
Community use facilities	Consideration through design and planning process.
Local employment and training opportunities	Through Southern Construction Framework, working with Partnerships, Places and Culture team (S106).
Contribution to area wide regeneration	Deliver project.

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. As part of Part 1 of the mini-competition, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have

never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Commissioning and Procurement Board

4. Implications

4.1 Financial implications:

The funding package for this scheme was agreed by the Executive on 16th June 2016.

4.2 Legal Implications:

The council has a duty to provide and maintain sufficient schools for the provision of primary education in its area (sections 14 and 16 of the Education Act 1996). As the proposed enlargement of Tufnell Park Primary School premises will increase the capacity of the school by more than 30 pupils and 25%, the statutory process for enlargement set out in the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 must be followed.

Accordingly the council has power to enter into a contract for the construction of new school buildings for Tufnell Park Primary School, (section 1 of the Local Government) Contracts Act 1997).

The threshold for works contracts for the application of the Public Contracts Regulations 2015 is currently £ 4,104,394. The value of the contract to be let is above this threshold. It is proposed to procure a design and build contractor from the Southern Construction framework. That framework was established following a competitive tendering exercise undertaken in accordance with the regulations.

The Council is able to utilise the Southern Construction Framework. It is intended that following appointment of a contractor through the Southern Construction Framework, a JCT form of Design and Build Contract is utilised for the development of Tufnell Park Primary School .

5.3 Environmental Implications

The energy efficiency of the existing 1960s building stock and mechanical systems is poor. Poor thermal insulation means that the building is difficult to heat during winter months and overheats during the summer. This is compounded by out-dated heating systems and controls.

In providing a new building for the School, it is intended that the thermal performance and energy efficiency of the school will be significantly improved. The new building will provide substantial environmental improvements and will provide educational spaces more suitable for the 21st century and more conducive to teaching and learning. It is intended that environmental improvements such as green roofs with rainwater attenuation will improve biodiversity and provide a more sustainable urban drainage. Landscaping proposals will re-provide or enhance any existing habitat spaces and consideration will be given to protection of trees and biodiversity through the design and throughout the works.

The design and construction proposals for the new school will be developed take account of environmental factors in materials selected and will consider construction methodology so that waste is minimised during construction. The contractor will be obliged to prepare a site waste management plan and a traffic management plan. The works will be registered with the Considerate Contractor Scheme and will comply with local policies to minimise impact on neighbours, especially with regards to noise, dust and vibration.

The new facilities are to achieve a BREEAM for Schools "excellent" rating.

Environmental and sustainability criteria formed part of the evaluation criteria used to select contractors onto the Southern Construction Framework.

Any future planning applications will be assessed against adopted policies within the Development Plan.

5.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment was completed on 31 August 2016 and the summary is included below:

The works will improve the quality of educational provision for all children at the school, and will enable the school to better meet national guidelines for space standards and make significant improvements to the working environment for pupils and staff. It will also deliver environmental improvements to ensure suitability of accommodation. The project will enable young children from all backgrounds to learn in a suitable environment. The new facilities will provide disabled access in compliance with the Equality Act 2010 and will meet all statutory and planning policy requirements.

The proposed development will provide high quality facilities for all members of the community and allow the school to act as a social hub in the locality by improving community access and opportunities with dedicated spaces. It will also allow the school to extend and enhance its extended school agenda, benefitting those who live in the local community, subject to relevant consultation and any planning conditions.

All Islington schools currently operate with measures in place to safeguard children and vulnerable adults. Policies and procedures will be in place during the works and following completion of the new school building which will be designed to reduce risks relating to safeguarding. There will be no Human Rights Breaches.

5. Reasons for the decision: (summary)

- 5.1 The proposed development will significantly enhance Tufnell Park Primary School and provide necessary school places in that part of Islington.

The Commissioning and Procurement Board is asked to agree the procurement strategy for Tufnell Park Primary School development, and that the Southern Construction Framework is used to appoint a design and build contractor to undertake Pre-Construction Services Contract duties.

To note that the contract award of the Design and Build Contract for the works will be subject to separate Executive approval.

This report also seeks approval for the redevelopment to provide capacity for three forms of entry at Tufnell Park Primary School, noting that any necessary statutory public consultation will be undertaken in advance of any permanent increase in the school's Published Admission Number, and will be subject to separate Executive approval.

Signed by:



20 September 2016

Executive Member for Children, Young People
and Families

Date

Appendices

- Exempt Appendix 1 Financial Information

Background papers: None

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