

## **NORTH SOMERSET COUNCIL DECISION**

**DECISION OF: CLLR CATHERINE GIBBONS, EXECUTIVE MEMBER FOR CHILDREN'S SERVICES AND LIFELONG LEARNING.**

**WITH ADVICE FROM: DIRECTOR OF DEVELOPMENT & ENVIRONMENT AND HEAD OF STRATEGIC PROCUREMENT**

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**DECISION NO: 20/21 DE 123**

**SUBJECT: PROCUREMENT PLAN - HOUSING INFRASTRUCTURE FUND (HIF) WINTERSTOKE HUNDRED ACADEMY EXPANSION**

**KEY DECISION: NO**

### **REASON:**

Procurement plans are not deemed to be key decisions.

### **BACKGROUND:**

The Secretary of State for Housing, Communities and Local Government confirmed approval of North Somerset Council's Housing Infrastructure Fund (HIF) (Forward Fund) bid on the 26<sup>th</sup> November 2019. The objectives of this bid are to provide infrastructure and educational provision which can support the delivery of existing and potential housing allocations totalling 7,557 new dwellings. 4,482 of the homes are to be located at the existing Weston Villages development sites; the specific numbers and locations of the residual dwellings will be subject to the new Local Plan process.

The Capital Programme was increased by £97,067,550, the total HIF grant from Homes England, at the Full Council meeting on 16 June 2020.

The Council's core objectives of the HIF programme are:

- To deliver infrastructure that maximises, underpins and de-risks associated housing development in the shortest possible timeline;
- To deliver infrastructure that is affordable and provides good value for money;
- To deliver infrastructure that meets the needs of all stakeholders including developers and local communities;
- To minimise environmental impacts and maximise opportunities for sustainable travel and biodiversity; and
- To ensure the development provides the opportunity to make a positive contribution to the Council's ambition to be carbon neutral by 2030.

A procurement workshop held on the 9<sup>th</sup> August 2019 recommended that the infrastructure and educational provision be procured separately to reflect the different complexities, required skills and common industry approaches to delivering these projects. It is considered that individual procurement solutions for the Highways and School Projects will enable smaller organisations to bid for works and allow the Council to maintain greater control and flexibility of the HIF delivery programme.

This procurement plan identifies the preferred procurement route to engage suitable contractors for the design and construction of the Winterstoke Hundred Academy Expansion at Parklands Village (WHAE).

### **DECISION:**

It is requested that the procurement plan be approved to proceed.

### **REASONS:**

#### **Introduction**

The Highway Infrastructure Fund (HIF) is £5.5 billion capital grant funding available until March 2024.

It is allocated to local government on a competitive basis, providing infrastructure targeted at unlocking up to 650,000 new homes in England.

North Somerset Council (NSC) submitted an Expression of Interest on 28<sup>th</sup> September 2017 to the HIF Forward Fund (FF).

Following a successful shortlisting, COU18 on the 8 May 2018, gave authority to work up the business case for this project, as part of Stage Two: Co-Development. This work was completed, and the HIF business case was submitted on 7<sup>th</sup> February 2019 following approval under 18/19 DE341.

Following a period of assessment and scrutiny, the Ministry of Housing, Communities and Local Government (MHCLG) recommended to the Secretary of State for Housing, Communities and Local Government approval of NSC's HIF FF bid. This was confirmed on the 26<sup>th</sup> November 2019 in a letter to NSC together with accompanying terms and conditions. The HIF grant was formally accepted at the council meeting on 16<sup>th</sup> June 2020 subject to approval of the final terms and conditions by the Executive meeting on the 29 June 2020; these were subsequently approved by the Executive for signing.

The award of the HIF grant for NSC is for the delivery of key enabling infrastructure, namely;

- Secondary school place provision at Weston Villages;
- Banwell bypass including land assembly and flood mitigation works;
- Local transport improvements including supporting active and sustainable travel and public realm/traffic management within Banwell village and the adjacent road network and villages;
- Utility improvements.

Cabot Learning Federation (CLF) are operating the Winterstoke Hundred Academy on Beaufigther Road (WHA - BR) until their expansion to their main site on the Parklands development is available. WHAE forms part of the HIF grant awarded to NSC.

A Multi-disciplinary consultant has been procured to take the scheme to RIBA stage 0-1 by October 2020, with an initial design accommodating 900-1200 school children. These school places are viewed as essential as the demand grows in line with the ongoing housing developments and the development sites related to the HIF grant. There is a risk that school places will reach capacity by 2023, depending on the rate of housing development in the area.

## **Commissioning Plan**

The Commissioning Plan was approved at Full Council on 25<sup>th</sup> June 2019 (see Background papers).

## **Lessons learned from previous projects**

NSC strives to deliver value for money when procuring Works and Services contracts; in previous project delivery single supplier frameworks have been utilised for design and build contracts. The HIF project will deliver a new 900 – 1200 place secondary school within North Somerset and is a significant sized project and therefore an opportunity to review all available procurement options.

Given the current economic climate and the uncertainty of the market, a multi-supplier framework seemed most appropriate as it allows for a more competitive procedure whilst delivering efficiencies as the procurement timescales can be faster than an open tender exercise, as the suppliers are pre-qualified.

## **Requirement**

The requirement is for a design and build contract, with a contractor procured from the pre-construction phase through to completion (RIBA stage 2 to 7). There are two adjacent land parcels available for the school, with site 1 owned by St Modwen and site 2 jointly owned by St Modwen and Homes England (HE).

The correct procurement process is central to ensuring NSC partners with the most appropriate contractor, that will deliver the best value in the required timeframe. Based on previous procurement experiences using single supplier frameworks, multi-supplier frameworks have the potential to create greater value for money for NSC and establish a wider network with contractors for future procurement.

It is anticipated that the contractor will be appointed to commence the pre-construction phase in Feb/Mar 2021.

The service lead for schools and consultants with expertise in school construction will support us in ensuring the specification meets the needs of NSC and Cabot Learning Federation (CLF), the projects education partner, who we will be collaborating with throughout the scheme. The final specification will be reviewed by the Major Projects Team and the respective consultants.

## **Recommendation:**

After assessment of available options the recommended route to market is to use the SCF (Southern Construction Framework) construction procurement framework. The framework has been created to deliver a range of building projects typical of the public sector. It is recommended that a contractor is appointed on a design and build contract via their two-stage competition. Mini-competition 1 invites all contractors on the framework to provide the following information:

1. Their ability and capacity to deliver the project
2. Their supply chain's ability to deliver the project
3. Their ability to deliver social value

In mini-competition 2 the three contractors shortlisted are asked to provide detail of how they will deliver the project and associated costs. A price will be provided for the design phase separate to the construction phase. In a design and build contract such as this the cost of the design work is less than if the design work was commissioned independently; the contractor prices the design work in recognition of the construction project to follow. Within the SCF process at the end of the design phase the contractor will have the option to amend their quote for the construction phase of the project to reflect the detailed design. At this point two things can happen:

1. The client and contractor have developed a productive relationship, the client is happy with the design and cost and construction commences.
2. The client likes the design but has failed to develop a relationship with the contractor. The client pays the contractor their previously agreed design fee and gets a quote from the contractor placed second in the tendering process to construct the school.

In all scenarios the design once completed is owned by NSC and the contractor is paid their previously agreed price for this phase of the project.

The SCF Manager will provide support to NSC throughout the project, from the preparation of the tender documentation to up to a year after construction. The framework was created by Devon and Hampshire County Councils, with projects in the south-west overseen by a team working out of the Devon County Council offices. The local SCF team have considerable knowledge of the ten contractors on the framework including their expertise and capacity in the south-west.

## **Timescales**

Mini-competition 1 can be undertaken concurrently with the multi-disciplinary consultants (MDC) carrying out the RIBA stage 1 work. However, it would be preferable to wait until the findings of the RIBA 1 work is complete before commencing mini-competition 2. A timetable to reflect this is below:

	<b>Timescales for 3 Feb Executive</b>
GDA approval Executive	29 July 2020
Call-in period	Aug 2020
School D&B procurement plan approval at Exec Member Briefing	Aug 2020
SCF bidder event	September 2020
Mini comp 1 launched	Mid Sept 2020
Mini comp 1 Submission deadline	Mid/late Sept 2020
Mini comp 2 launched (with RIBA 1 outputs)	Mid/late Oct 2020
Mini comp 2 Submission Deadline	Early Nov 2020
Tender Evaluation Period	Nov 2020
Executive meeting for award	<b>3<sup>rd</sup> Feb 2021</b>
Standstill period	Feb 2021
Contract Execution and mobilisation	March 2021

### **Outline Delivery Programme –**

Stage 1 Design phase and preparation of planning application	Mar 2021 to Dec 2021
Planning permission and final cost agreed with contractor	January 2022 to March 2022
Stage 2 School construction	April 2022 to March 2024

### **Governance**

The contract award report will be approved by the Executive. The works will be directly managed by the HIF project team with contract management responsibility with the relevant Senior Project Manager with the support of the Programme Manager for Major Projects and the Head of Major Projects. The Strategic Procurement Service will lead on the tender process.

### **Market/Suppliers**

The construction industry is currently experiencing changing market conditions with the supply chain becoming increasingly selective in the opportunities that they pursue. This is being further influenced by external market factors resulting from the economic effects of BREXIT and COVID-19.

This is leading to some pricing volatility with projects being considered based on procurement route, risk apportionment, programme and the robustness of tender documentation. The number of tier two contractors both suitable and available for complex schemes such as this are becoming more limited with projects tending to be favoured where price and programme risk are fairly shared. In addition, the lack of contractor in-house resources coupled with the potential cost of tendering may also dissuade contractors from tendering. This is starting to have a knock-on effect generally. Projects with potential pitfalls, inappropriate risk transfer and non-standard contract conditions may result in tendering opportunities being declined or they may attract a pricing premium.

Contractors have furloughed a proportion of their employees, with most maintaining a workforce of between 70%-80% on-site. Where some have furloughed a larger proportion of their employees, others have maintained the majority of their workforce to enable them to react quickly as circumstances around Covid-19 change. Contractors have also faced delays on their current projects due to the reduction in workforce, limited availability of building materials and the increased Covid-19 related health and safety measures. SCF estimate that the projects their listed contractors are currently working on have had delays of around 10% of the total time allotted for the construction phase. This has had an impact on costs and may lead to an increase in cost projections from contractors during the tender process.

Having engaged with different framework suppliers and contractors, there is still a strong appetite for pursuing projects on the scale of WHAE. The tender process has not been significantly affected by the pandemic. Bid teams have had to increase the time it takes to prepare a bid for submission, but this is not a dramatic increase and can be mitigated against by providing contractors with information in advance of the first stage of the procurement process. The pre-construction phase has been largely unaffected, with different parties able to collaborate over video conferencing software. In our discussions with representatives from SCF, they believe that on average they have received more interest from contractors wanting to tender for projects during the quarantine period than before. Although the contractors associated with SCF have inevitably faced delays to site work, it is expected that the timeframe to complete a design and construct procurement process, appoint a contractor and complete the pre-construction phase will be less affected.

Discussions with framework suppliers and contractors indicate that WHAE is an attractive project for prospective bidders. NSC has been granted the funding for the school, which will provide the contractor with a degree of financial security in an increasingly uncertain economic climate. The cost of the project enables all 10 of the contractors associated with SCF to bid, with the smallest contractors able to bid for projects with a value of up to £40 million and the largest able to bid for projects valued from £20 million. This means that the project could attract interest from all available bidders, increasing competition and driving value.

Engaging with contractors early and ensuring that the procurement process is not overly complex will help to generate sufficient interest from bidders. SCF provides a clear framework to operate from and is one which the listed contractors are familiar with. SCF also offer the opportunity to engage with contractors from its framework before the first stage 'mini-competition' commences, to allow contractors and clients to discuss the project and ask each other questions that will support an efficient and effective tender process.

Different frameworks have pre-selected contractors who specialise in the design and build of schools and several have a history of working with local authorities in the South West and, consequently, have an appreciation for how councils' function. This is the case with SCF, who are partly governed by Devon County Council and Hampshire County Council and are currently operating with the fourth generation of their framework. NSC have also worked with some of the contractors who are listed within SCF's procurement framework, with relationships already established between the council and contractor and an understanding of how NSC operate.

There is an on-going challenge of how to account for Covid-19 delays in the contract (where they exist), with contractors unwilling to take on any extra costs or penalties associated with the pandemic. Risk transfer to the contractor will inevitably come at a price, with the more

likely outcome being a shared arrangement to account for Covid-19 related impacts on the project, if required. Uncertainty over Brexit and the associated risks are still being priced into construction costs.

The Project Team have been engaging with framework providers, visiting school sites with prospective contractors and consultants and are planning further discussions and site visits in the coming weeks before the procurement process commences.

## **Social Value, Sustainability and VCSE**

It is a requirement that the procurement process considers how any services procured might improve economic, social and environmental well-being in North Somerset. The council has nine social value objectives, against five of which this project has a significant opportunity to deliver. We will be seeking tangible specific commitments for the following five objectives:

- Supporting schools and life-long learning
- Increased employment to local people
- Increased employment to young people
- Increased use of local supply chain
- Minimising environmental impact

Tender submissions will be expected to demonstrate how the contractor can deliver against each of these objectives over and above their normal operations and in proportion to the significant scale of the project. Social value will make up 10% of the 'Quality' weighting in accordance with the council's social value policy.

BREEAM is an internationally recognised assessment and certification scheme for the environmental performance of buildings. BREEAM assesses a building across nine categories (water, transport, materials, energy, innovation, health & wellbeing, management, land use and pollution) which collectively are used to rate the building as either good, very good, excellent or outstanding. It is the intention of the education partner (Cabot Learning Federation) that the school has an academic specialism in the environmental sciences and climate change. As such they wish for the school to be an exemplar of best in energy efficiency and sustainability. This would also align with the council's objective that North Somerset is carbon neutral by 2030. With these objectives we will enter the procurement process with the stated intention that the school achieves an 'outstanding' BREEAM rating. It is recognised that this is ambitious and due to site, time and budgetary constraints the actual rating achieved may be lower. This target will challenge the contractors at the design stage and keep sustainability at the forefront throughout the project.

## **Evaluation**

North Somerset Council proposes to take into account both quality and price in the evaluation of the mini competition for the Design & Build to ensure that bidders have the ability to design the school and deliver the works to the standards expected.

As already explained the recommended route to market is the SCF framework, which consists of a two-stage mini competition process. There are ten pre-approved suppliers on the framework, and we anticipate all ten will be in a position to bid for the contract.

Mini-competition 1 can be considered the pre-qualification process – requesting applicants provide information on the following pre-set Framework questions:

1. Your ability and capacity to deliver this scheme.
2. Your ability and capacity of both your design and supply chain partners to deliver this scheme.
3. Your ability to add value to this scheme.

As part of the SCF process the total weighting for these questions must equal 100%. We propose questions one and two are weighted at 35% each and question three 30%. At this pre-qualification stage no price for the construction of the project is requested.

Submissions to mini-competition 1 will be evaluated by representatives from both NSC and SCF on the basis of 100% quality and in accordance with the following scoring guidelines (as set by SCF):

<b>Score</b>	<b>Classification</b>	<b>Award Criteria</b>
5	Excellent	The response provides a high degree of confidence.
4	Good	The response provides a good degree of confidence
3	Satisfactory	The response provides an acceptable degree of confidence.
2	Unsatisfactory	The response provides some confidence but not to an acceptable degree.
1	Poor	The response provides very little confidence.
0	Very poor or no response	The response provides no confidence

Typically, three contractors are invited to proceed to mini-competition 2.

#### Invitation to Tender (ITT) / Mini-Competition 2

The ITT will be the mini-competition 2 component of the SCF process and applicants will be assessed on both quality /technical and cost.

We propose to set the evaluation weighting as 70% : 30% between quality/technical and cost.

We understand from SCF that this is the most commonly used ratio, as the stage 2 evaluation process requires the contractor to provide financial information for their overheads and profits only; the estimated construction cost of the school is provided to bidders by the council as insufficient detail will have been provided at this stage for the bidders to estimate this. These overheads and profits typically account for approximately 15% of the total budget cost of a design and build contract. That is why we recommend a price weighting of 30% for this small proportion of the overall project cost.



Within the quality and technical section, one of the mandatory questions is 'Financial Control'. This question requires bidders to comment and evidence their ability to deliver the project to the stated cost plan, highlighting the top three risks and how these would be mitigated. It is recommended this question is given a weighting of 25% of the overall quality weighting to ensure the council is confident that bidders are evidencing how they will achieve value for money e.g. their open book accounting methods for procurement of subcontracted packages of work.

The quality assessment within the SCF process has two mandatory questions which relate to 'Financial Criteria' and 'Social Value'. We also propose questions around the following areas are included:

- Framework and Project Delivery
- Handover and Aftercare
- Design Management
- Sustainability and Environment
- Social Value (Mandatory question)
- Financial Control (Mandatory question)

The quality questions for mini-competition 2 will be evaluated by representatives from both NSC and SCF. Quality will be evaluated in accordance with the following scoring guidelines (set by NSC):

Score	Classification	Award Criteria
5	Excellent	A response that inspires confidence; specification is fully met and is robustly and clearly demonstrated and evidenced. Full evidence as to how the contract will be fulfilled either by demonstrating past experience or through a clear process of implementation.
4	Good	A response supported by good evidence/examples of the Bidders' relevant ability and/or gives the council a good level of confidence in the Bidders' ability. All requirements are met, and evidence is provided to support the answers demonstrating sufficiency, compliance and either actual experience or a process of implementation.
3	Satisfactory	A response that is acceptable and meets the minimum requirement but remains limited and could have been expanded upon.
2	Weak	A response only partially satisfying the requirement with deficiencies apparent. Not supported by sufficient breadth or sufficient quality of evidence/examples and provides the council a limited level of confidence in the Bidders' ability to deliver the specification.
1	Inadequate	A response that has material omissions not supported by sufficient breadth and sufficient quality of evidence/examples. Overall the response provides the council with a very low level of confidence in the Bidders' ability to deliver the specification.
0	Unsatisfactory	No response or response does not provide any relevant information and does not answer the question.

The tender with the lowest adjusted price/fee percentage will receive the maximum score of 100% for that element and the prices/fee percentages of all other tenders will be expressed as a percentage of the maximum score.

Once the pricing submission score is determined against the weighting it will be combined with the weighted quality submission score to give the total weighted score. Bids will be

ranked in descending order by their total weighted score. The bidder with the highest overall score who has also passed the Pass/Fail criteria will be awarded the contract.

Both mini competitions 1 & 2 will be evaluated by officers of the council's HIF delivery team supported by their appointed consultants.

## **Contract Management**

The Council will be procuring a project manager and cost consultant for the HIF Bypass and School construction to oversee the projects and act as Employer's Agent. The HIF Project Team will act as the intelligent client.

A contract management plan will be produced for managing the contract of the construction contractor. This plan will address clearly:

- Performance management
- A timetable for meetings and processes for communications
- Risk management
- Governance
- Financial management and reporting
- Managing change in the contract

The details of this plan will be determined by the contractor employed, the construction contract used and the employer's agent brief.

A JCT contract will be used to manage the relationship between NSC and the contractor. A fixed price will be sought from the contractor which will take account of any inflation or other potential increases in project cost. In addition, the JCT contract includes clauses to protect against spurious claims and amendments. It will be the employer's agent's role to manage this process.

## **OPTIONS CONSIDERED:**

### *Futures for Somerset*

Futures for Somerset (FS) was founded in 2010 by Somerset County Council as a specialist vehicle to support the delivery of their 'Building Schools for the Future' programme. In 2019 FS became a standalone social-enterprise with 10% ownership retained by the Council, 10% by Amber Investments and 80% by BAM (construction and facilities management contractors). FS have an OJEU approved process for the procurement of school design and construction services. FS has been involved in the delivery of over 100 school build or refurbishment projects with a combined value of over £200m. In addition to procurement FS can provide consultancy on all aspects of the school construction process from preparing a bid for funding to the facilities management of a completed school.

Although 80% owned by BAM they work with a number of contractors on the delivery of projects. They work with a suite of contractors across the region. Either the NEC3 or JCT contract can be used in the delivery of the project.

There is no fee incurred in using their procurement process however we would be required to use their consultancy services during the design and / or construction process if we were to use it which is not our intention. Another reason against using them is they would not

consider the commencement of the procurement process until the completion of RIBA stage 1 works.

### SCF

Developed by Devon and Hampshire County Councils in 2003 SCF is the fourth-generation of a framework for the procurement of construction services in Southern England by the public sector. It has been used in the delivery of £6.6bn of projects and provides a rapid and efficient way of accessing leading contractors. There are ten contractors able to bid for work through the framework in the south-west:

- BAM
- Galliford Try
- ISG
- KIER
- McLaren
- Midas
- Morgan Sindall
- Sir Robert McAlpine
- Wates
- Willmott Dixon

The framework follows the Cabinet Offices recommended two-stage open book procurement process which takes the form of a two-stage competition. The framework can be used to commission both build only or design and build projects. Either JCT or NEC contracts can be facilitated.

A fee of 0.25% of the value of the services procured through the framework is paid to SCF by the contractor for its use.

### Department for Education Schools Building Construction Framework

Created by the Department for Education to facilitate the building of new schools this construction framework is available to local authorities, schools, academies and other public bodies in England. Access to the framework is governed by DfE and all framework users must sign an access agreement. There is no charge to use the construction framework (or any charges paid by framework contractors). Significant resources to support the use of the framework are available online.

Depending on its anticipated value a project will fall into one of three value bands. WHAE will fall into the higher value band for projects £12.5m+. The value band determines which of the 32 pre-qualified contractors signed up to the framework will be invited to tender. The process for using the framework is well defined and must be followed once commenced. We believe however that the prescriptiveness of the process would make amendments if required difficult and stifle creativity.

### SCAPE Framework

The SCAPE Framework is a single supplier framework, with Wilmott Dixon being the supplier to NSC. Whilst the Council has used this framework in the past, the drive for competition and attaining value for money means that the Council's preference is for a multi supplier framework. In addition, the Major Works framework is for projects worth £2m - £20m so the value of this scheme exceeds the framework threshold.

### Bundle with Bypass

In addition to the construction of the school, the HIF programme includes the construction of a bypass around the village of Banwell. The project team has considered the option of bundling the construction of the school and the bypass.

In this approach the same contractor is used to deliver both the bypass and the school. This would result in a single tender process being required which could be expected to save the project management team time preparing and assessing two tender processes. Once the project is underway contract management maybe less resource intensive with a single point of contact for both projects. This increased value of a tender for both the school and the bypass may be more attractive to contractors and result in a lower overall project price being negotiated.

Having a single contractor presents several risks - the most obvious one is if the contractor fails, neither project is delivered. In addition, delivering both projects may over stretch the contractor resulting in a drop of quality on one or both projects.

Competitive Tender

A competitive tender process would be advertised in the Official Journal of the European Union and on Contracts Finder, in addition to the Council’s procurement portal, potentially resulting in many bids. This approach offers the greatest potential for competition between contractors. This process could also generate the greatest flexibility and innovation.

A competitive tender process may result in increased resource requirement, in the creation of the tender documentation and the bid evaluation, then would be required with the use of framework agreement.

Procurement Options	Pro’s	Con’s
SCF	<ul style="list-style-type: none"> <li>• A widely used framework</li> <li>• “Off-the-shelf” cost-engineered school design available</li> <li>• Good understanding of the SW construction sector and contractor capabilities</li> <li>• Designated framework manager to support NSC</li> <li>• Procurement can be undertaken concurrently with RIBA 1 work</li> <li>• Facilitates early involvement in design process</li> <li>• Flexibility with regards the contract that can be used</li> <li>• Delivery of social value built into process</li> <li>• Procurement process can accommodate NSC requirements</li> <li>• Good panel of ten contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Costs 0.25% of contract value to use (paid by the contractor)</li> <li>• The initial stage of the process would require the outputs from the RIBA stage 1 work resulting in the procurement process not commencing until mid-October at the earliest</li> </ul>
Futures for Somerset	<ul style="list-style-type: none"> <li>• Streamlined tender process specific for Somerset</li> <li>• Significant additional services available to support NSC project team alongside use of tender process</li> <li>• Flexibility with regards the contract that can be used</li> <li>• Free to use procurement process</li> <li>• A social-enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• Must commission consultancy services if using their procurement process</li> <li>• Consultancy services commercially priced</li> <li>• 80% of the company is owned by BAM - one of the contractors who we can expect to bid for the work</li> </ul>

<b>Procurement Options</b>	<b>Pro's</b>	<b>Con's</b>
Department for Education Framework	<ul style="list-style-type: none"> <li>• Defined process to follow</li> <li>• Pre-qualified contractor panel</li> <li>• Suite of documents and resources ready to use</li> <li>• Supports early involvement in design process</li> <li>• No charge to use framework</li> </ul>	<ul style="list-style-type: none"> <li>• Prescribed contract type – JCT</li> <li>• Prescribed Quality:Price weighting (90 quality : 10 price)</li> <li>• The process has been assessed and appears lengthy</li> </ul>
SCAPE Framework	<ul style="list-style-type: none"> <li>• Known and used by the Council</li> </ul>	<ul style="list-style-type: none"> <li>• Single-contractor framework (Willmot Dixon)</li> <li>• Concerns about evidencing VFM</li> <li>• Can't use it as project value too high</li> </ul>
Bundle with Bypass	<ul style="list-style-type: none"> <li>• Contract size could drive best value</li> <li>• Ease of contract management with single party</li> <li>• Time and money saved in tendering</li> </ul>	<ul style="list-style-type: none"> <li>• In the event of the contractor failing – both projects effected not just one</li> <li>• Quality reduced? over-stretched contractor?</li> <li>• Requires a contractor with both civils and construction expertise required – reduced pool of contractors could therefore bid</li> </ul>
Open Tender	<ul style="list-style-type: none"> <li>• Flexibility in process</li> <li>• Maximum competitiveness</li> <li>• Choose own contract</li> <li>• Choose own weightings</li> <li>• Room for innovation</li> </ul>	<ul style="list-style-type: none"> <li>• NSC wouldn't have the input and support of a framework provider</li> <li>• Need to create own process documentation</li> <li>• Might be more resource intensive</li> </ul>

## **FINANCIAL IMPLICATIONS:**

### **Financial Implications of procurement**

The Southern Construction Framework charges the successful contractor chosen by NSC 0.25% of the total value of the project. Although NSC does not pay for this directly, it is understood that this cost will be indirectly paid by NSC and accounted for through an increase in the overall costings by the contractor during the tender process.

The use of SCF for procurement has the potential to reduce NSC expenditure in several ways. There are significant savings from the labour costs in comparison to running an open tender, as the framework used by SCF requires significantly less preparation and management of the process from NSC. Frameworks that use a 2-stage process, such as SCF, also encourage contractors to bid on potential projects, as they are less exposed to costs and uncertainty associated with open-tender. This will lead to a competitive process and will increase value for NSC.

There is a risk that costs could increase if the scope of the project changes between the appointment of the contractor and the conclusion of the pre-construction phase. This would likely be the case regardless of which method was chosen for procurement. The best way to protect against a change of scope and the associated cost increases is to have a thorough specification prepared and agreed by all stakeholders before stage 2 commences. Outside of scope change, SCF penalise any contractor whose original costings for projects increase by more than 5%. However, historically the original costings from stage 2 decrease on average by 1% as savings are identified during the design process.

Another significant advantage of using SCF is the due diligence that they undertake on their contractors. In order to be able to bid for work each contractor must pass a rigorous financial

health check, have all their relevant insurances up to date and have policies in place for modern day slavery, equalities and similar. This has the advantage to NSC of reducing the time required to check these issues prior to awarding a contract and reducing the risk of missing something or appointing a contractor which is financially vulnerable.

There is no available analysis of the current annual cost and funding for the contract, as this procurement is for a new project with no historical data.

## **COSTS**

Below is an estimate of where the costs of the project will fall as a proportion of the budget.

<b>Development Phase</b>	<b>Description</b>	<b>Cost</b>
Preparation costs	Design, planning and supervision	£2,635,830
Construction	School construction and fit out	£24,968,362
<b>Total</b>		<b>£27,604,192</b>

## **Payment schedule**

A defined value and subsequent payments are aligned to each RIBA stage. Payment toward the total due for each stage is made on a monthly basis. It will be decided between NSC and the contractor whether this monthly payment is a fixed sum, or the value of the work undertaken during that month. An example: if RIBA stage 6 is to take 6 months and has a value attached to it of £6m it might be agreed that the contractor will receive a payment of £1m each month. Alternatively, the value of work undertaken in month 1 of the stage maybe £800k and the contractor provides invoices and timesheets to confirm this and is paid this sum. Month 2 the value of the work undertaken is £1.3m and the contractor demonstrates this and is paid accordingly.

Commercial change and risk will be managed by the Capital Project Accountant and the wider finance team.

## **FUNDING**

The works are funded from the HIF Forward Fund grant allocation of £97,067,550.

## **LEGAL POWERS AND IMPLICATIONS**

The Southern Construction Framework is open for use by the Council and was compliantly procured under the Public Contract Regulations 2015.

## **CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

In 2019 the Council agreed the North Somerset Climate Emergency Strategic Action Plan which has the headline commitment of making the Council carbon neutral by 2030. The resulting Climate Emergency Strategy identifies seven key principals to be considered by the work of the Council going forward in order to contribute to the achievement of this commitment. A project the scale of WHAE will impact upon all the seven principals; whether

this impact is positive or negative will be determined by the design, construction and operation of the school.

The seven principals in the Climate Emergency Strategy and how this project can impact each is outlined below.

<b>Principals in the Climate Emergency Strategy</b>	<b>Role Parklands Secondary School can play in addressing principal</b>
Become a net zero carbon Council	<ul style="list-style-type: none"> <li>• An overarching objective – the degree to which this happens will be determined by progress in the other principals (except adapting to climate change).</li> </ul>
An energy efficient built environment	<ul style="list-style-type: none"> <li>• The built environment contributes about 40% to the UK's total greenhouse gas emissions</li> <li>• Most of these emissions are from heating or cooling of buildings</li> <li>• A well-designed building can all but eliminate the need for heating and lighting</li> <li>• Retrofitting existing buildings to reduce the requirement for heating or cooling is very costly</li> <li>• A new school building provides the opportunity to deliver an exemplar energy efficient building as cost-effectively as possible</li> </ul>
Renewable energy generation	<ul style="list-style-type: none"> <li>• Energy will be required for limited heating, lighting and electricity - a new build provides the optimum opportunity to include renewable energy technologies. Those most suitable to the site would be ground or air heat-pumps and solar hot-water or PV</li> </ul>
Repair, reuse, reduce, recycle	<ul style="list-style-type: none"> <li>• There is no existing building on the site to provide material to reuse however where practical recycled material can be specified - this is most likely to be aggregates used in foundations and hard-surfacing</li> </ul>
Replenish our carbon stores	<ul style="list-style-type: none"> <li>• The site is confined and will present limited opportunity to contribute to the restoration of carbon stores, A well-designed landscaping strategy can maximise the sites potential to achieve this however, alongside addressing the educational requirements of the school grounds</li> </ul>
Reduce emissions from transport	<ul style="list-style-type: none"> <li>• WHAE will encompass the existing Winterstoke Hundred Academy located at Beaufighter Road</li> <li>• WHA - BF is one mile from WHAE</li> <li>• The movement of pupils and staff between the two sites using non-carbon emitting transport is essential to comply with the principals of the Climate Emergency Strategy</li> <li>• The construction of the school can help facilitate this by reducing the need to travel between sites</li> </ul>
Adapting to climate change	<ul style="list-style-type: none"> <li>• It is widely acknowledged that changes in the climate are already locked into the system. It can be expected the school will experience increased temperatures and heavy rainfall events during its operational life. It is essential that this is considered in the landscaping and building design. Green roofs and sustainable urban drainage systems would be of particular value here.</li> </ul>

It is the intention of CLF that the syllabus of the school has a focus on environmental sciences. An exemplar building will support this as both an inspiration and example of best practice as well as be used to support the syllabus.

## CONSULTATION

Schools recently completed or in construction have been visited. These visits have been undertaken with Futures for Somerset, Skanska, BAM, Wilmott Dixon and ISG. We have met with the Director for SCF for the south-west and discussed in detail how we could use of the framework on WHAE. We are also in the process of contacting other councils to discuss their experience of using SCF for procurement.

Cabot Learning Federation and the head teacher of Winterstoke Hundred Academy are providing details of how they operate their schools and their subsequent requirements for the project and will contribute to the design of the new school.

A detailed stakeholder consultation strategy is being developed as part of the planning requirement and this will include relevant town and parish councils, residents, local schools, transport providers and local business amongst others.

## RISK MANAGEMENT

Several risks have been identified that may have an impact on the procurement process. These have been listed in the table below, along with mitigation actions to manage them.

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
Covid-19 delays procurement process	Appointment of contractor delayed, putting pressure on other project related deadlines	Early engagement with bidders to ensure they can work with timeline and are in a position to tender
Reduced number of contractors tendering	Lack of competition for tender and consequently lack of choice for NSC, with significant delay if no bids are tendered	Use of new Framework with pre-selected contractors, who are eager to develop relationship with North Somerset Council and compete for new tender in difficult economic circumstances
Impact of Covid-19 and Brexit on costs/grant fund insufficient for works	Project costs higher than allocated grant, with funding diverted from other Council resources and delays to project completion If funding is not available	Early discussions with contractors and stakeholders to establish available budget and need to work within it. The procurement process will be an opportunity to work with contractors identifying any potential savings and moving from estimates to actual costs.
Inexperience of implementing new multi-supplier framework	Delay in completing procurement process	Support of Framework manager and consultants experienced in using SCF Procurement support of HIF project team to ensure potential delays are mitigated.
Poorly specified requirements	Unplanned expense during construction	Use of Framework manager and consultants to support full scrutiny of specification and ensure it is comprehensive and meets requirements of North Somerset Council and stakeholders CLF and P&C supporting HIF project team in ensuring clear specification.
Scope change for specification of school between appointment of contractor and completion of pre-construction phase	Increase of project costs	Allow enough time to develop complete scope before beginning of procurement process, with involvement of all stakeholders to review and agree final specification before submission to contractors



<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
Sustainability/environmental aspects of build withdrawn from specification in order to reduce costs and stay within budget	Building does not support NSC target to be carbon neutral by 2030, with future cost implications to improve school's energy performance and reduce its environmental impact	Make prospective bidders aware of NSC commitment to sustainability and Carbon Neutral targets, and establish sustainability as a central part of the design and specification
Teachers from CLF unavailable to support procurement process and agree specification throughout the later part of July and August due to school summer break	Delay to procurement process and appointment of contractor and potential for inadequate specification due to lack of input from CLF	Try and agree a specification with CLF before the school summer break and discuss availability of key decision makers from CLF over the holiday period to reduce impact on appointing contractor
Design by appointed contractor is not adequate and NSC is unable to resolve design issues with them	NSC either accept inadequate design or procure another design from a different contractor on SCF framework, resulting in delays and extra costs from initial design and subsequent re-design	Ensure clear scope and specification is given to contractor before design process begins and that collaborative approach is taken with contractors and CLF during design process to prevent any misunderstanding or miscommunication
Contract insufficiently protects NSC from increased construction costs during project due to delays from unforeseen events	Costs may increase over course of project alongside unforeseen delays	Select the contract that best protects NSC interests and is most suitable to this development, with advice from members of NSC with experience using both NEC3 and JCT contracts and support from appointed consultant Project governance and employers agent /QS resource employed to help scrutinise claims and costs.
Total build price increase between quotation and build due to only overheads and profits being given at the mini comp 2 stage.	Value for Money not demonstrated	Employ a cost consultant to audit the Contractor's costs and the Contractor's procurement process; undertake cost benchmarking of the price; and ensure that the revised cost is based upon changes to the assumptions made in the original tendered cost for the detailed design and construction.

## EQUALITY IMPLICATIONS

An initial screening exercise has been carried out as part of the HIF development business case process to identify protected characteristics that the Equality Act 2010 requires us to consider, in relation to the highway and school infrastructure.

The protected characteristics most pertinent to the highways scheme are age, disability and religion or belief. The school shares the same conclusions, with the addition of sex. Provisions will be made to maximise equality between those who share a protected characteristic and those who do not.

A full equality impact assessment will be undertaken as part of the highway and School development proposal.

## CORPORATE IMPLICATIONS

The provision of key enabling infrastructure and educational facilities and the improvement of the transport network widely supports the Corporate Plan objectives in all areas of Prosperity and Opportunity, Health and Wellbeing and Quality Place.

## APPENDICES

None

## BACKGROUND PAPERS

<http://apps.n-somerset.gov.uk/cairo/docs/doc28834.pdf>

<http://map.n-somerset.gov.uk/PoliciesMap.html> (Banwell Safeguarded alignment)  
<https://www.gov.uk/government/news/government-investment-to-unlock-more-homes-across-england> (links to HiF announcements and all supporting MHCLG HiF documents)

<https://www.jointplanningwofe.org.uk/consult.ti> HiF Bid Pro-Forma online form 03 December 2018

MHCLG HiF Forward Funding Business Case Guidance HiF Forward Fund Business Case Questions

COU18 Dated 08 May 2018

Exec Member Decision 18/19 DE341  
Corporate Plan 2020-2024

<https://www.n-somerset.gov.uk/my-services/planning-buildingcontrol/planningpolicy/local-plan/new-local-plan/about-the-local-plan/>

## SIGNATORIES:

DECISION MAKER(S):



Signed: .....Executive Member for Children's Services and Lifelong Learning

Date: 24 September 2020

## In consultation with:

Cllr James Tonkin. Executive Member for Planning and Highways

**WITH ADVICE FROM:**

Signed:  Director of Development and Environment

Date: 22 September 2020

Signed:  Head of Strategic Performance

Date: 22 September 2020