

The Chairperson has accepted this item as urgent in accordance with Rule 2.4.(e) of the Cabinet Procedure Rules within the Council's Constitution on the basis that the business in question needs to be considered at the meeting in order meet the funding profile agreed by Welsh Government. In addition, the school is scheduled to be opened on 1st April 2018. If Cabinet does not consider the report until its next scheduled Cabinet meeting it would become impossible for the scheme to be complete by April 2018.

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

28 February 2017

REPORT OF THE CORPORATE DIRECTOR – EDUCATION AND FAMILY SUPPORT

SCHOOL MODERNISATION – PENCOED PRIMARY

1. Purpose of Report

The purpose of this report is to:

- 1.1 To request Cabinet delegate authority to the Corporate Director – Education and Family Support to conduct negotiations with the lowest priced tenderer, in accordance with procurement legislation;
- 1.2 Subject to the successful outcome of any such negotiations, to delegate authority to the Corporate Director – Education and Family Support to award a contract, the terms to be finalised in consultation with the s151 Officer, and to arrange execution of the same on behalf of the Council

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 This report supports the following priorities in the Corporate Plan 2016 - 2020:
 - Supporting a successful economy, and
 - Smarter use of resources.
- 2.2 The Council aims to help all young people to thrive and make the best of their talents. One of the barriers to achieving this aim that the Council has identified is a serious need to modernise our schools.
- 2.3 In March 2015, the Council set out 5 key principles to inform the organisation and modernisation of our schools:

1. Commitment to high standards and excellence in provision
2. Equality of opportunity, so that all pupils can access quality learning opportunities, regardless of which school they attend
3. Inclusive schools, which cater for the learning needs of all their pupils
4. Community focussed schools, where the school actively engages with its local community
5. Value for money

3. Background

- 3.1 On the 16th September 2014 Cabinet agreed to participate and be a signatory to the South East Wales Schools Capital Procurement Framework (SEWSCAP Framework) for a four year period, commencing April 2015.
- 3.2 The Business Case submissions to Welsh Government indicated that the SEWSCAP Framework would be used as the procurement route for the scheme.
- 3.3 On 6th September 2016 Cabinet approved the proposal to make a regulated alteration to Pencoed Primary School, by relocating the school, including the Heol y Cyw campus, to a new build school on the site of Pencoed Primary School playing fields at Penprysg Road, Pencoed with effect from 1st April 2018.
- 3.4 A planning application for the new school (reference P/16/603/BCB) was submitted on 28th July 2016; a decision was subsequently made approving the application.
- 3.5 The Full Business Case submission in respect of the Pencoed scheme was approved by Welsh Government (WG) Capital Investment Panel in December 2016 and a grant award letter, signed by Welsh Government's Head of Capital Funding, on behalf of the Welsh Ministers was received on 2 February 2017 which approved the Pencoed Primary scheme budget at £10.8m and Welsh Government's contribution thereto.

4. Current Situation

- 4.1 The tender process for the SEWSCAP Framework was undertaken and administered by Rhondda Cynon Taff County Borough Council, in conjunction with Capita Glamorgan on behalf of all participating Councils, of which Bridgend are one.
- 4.2 On 4th October 2016, Cabinet authorised the invitation of tenders for the construction of the new Pencoed Primary School;
- 4.3 Cabinet also resolved at the Cabinet meeting held on the 4th October as follows:
 - (a) to delegate authority to the Corporate Director, Education and Family Support to award the contract to the bidder submitting the most economically advantageous tender for the construction of the new Pencoed Primary School, subject to the tender price being acceptable to the S151 Officer and receipt of Welsh Government funding approval;

(b) subject to (a) delegated authority to the Corporate Director, Education and Family Support to enter into a construction contract with the successful tenderer and any relevant ancillary agreements, in consultation with the Director of Operations and Partnerships and arrange for execution of the same on behalf of the Council.

(c) noted that Cabinet would receive in due course an information report detailing the outcome of the tender process.

- 4.4 The Pencoed scheme was tendered via the SEWSCAP Framework, with tender submissions received on 13th February 2017.
- 4.5 Tender analysis has now completed and of the 5 tenders received, only 2 are compliant (the remainder are disqualified) – and both of the compliant tenders contain tender sums *significantly* in excess of the construction budget available for the scheme.
- 4.6 Consequently, the way forward now is to, *as a matter of urgency*, commence negotiation of a 'Value Engineering' schedule with the contractor who submitted the lowest tender – in order to bring the construction cost sum within available budget (there is a clause in the tender which allows for us to negotiate with the lowest tenderer). This negotiation process will obviously prolong the awarding of the contract to a degree, potentially delay the school opening date and may also impact on achieving next year's WG spend on the Project.
- 4.7 The timetable is restrictive as the construction contract is part funded by Welsh Government. There is a risk that if the spend profile is not met then the Council may lose the approved Welsh Government grant funding.

5. Effect upon Policy Framework & Procedure Rules

- 5.1 This report has no effect on Policy Framework and Procedural Rules.

6. Equality Impact Assessment

- 6.1 The Council's Equalities Impact Assessment Toolkit has been utilised which indicates that the proposal would have no impact on specific equality groups.

7. Financial Implications

- 7.1 The anticipated cost of the new School will be funded by the Council and Welsh Government under the 21st Century Schools Programme for which the Council has received approval. The project is included within the Council's Capital Programme as approved most recently by Council in October 2016. The total *approved* budget for the Pencoed scheme is £10.8 million. The financial profile for the scheme has been approved by Welsh Government to reflect the construction programme. At this time, it is not expected the delay as outlined in paragraph 4.6 will put at risk the element of match funding from Welsh Government. Should it not be possible to

achieve the necessary reduction to bring the overall cost within the approved budget of £10.8 million, a further Council approval would be required.

- 7.2 Some highways works are expected to be required to ensure safe access to the new school, but guidance from the Welsh Government explicitly states that “where a capital project requires works to be done to improve highways access to the school this would not qualify for Welsh Government grant, and would fall to the Local Authority to fund”. The highways works are currently estimated to cost in the region of £310,000, and are included as a separate scheme within the Capital Programme. Welsh Government committed to fund half of the original total programme costs for the eligible elements of the Scheme with the rest coming from Council resources, including capital receipts that Council has agreed will be ring fenced for the School Modernisation Programme.

8. Recommendation

- 8.1 Cabinet is recommended to:

8.1.1 delegate authority to the Corporate Director, Education and Family Support to conduct negotiations, with the lowest priced tenderer, in accordance with procurement legislation;

8.1.2 subject to the contract being awarded in accordance with paragraph 8.1.1 above, and to the revised price being acceptable to the S151 Officer (which is a requirement of Cabinet in its resolution of the 4th October 2016), delegate authority to the Corporate Director, Education and Family Support to enter into a construction contract and any relevant ancillary agreements thereto, in consultation with the Director of Operational and Partnership Services and arrange for execution of the same on behalf of the Council;

8.1.3 Note that Cabinet will in due course receive an information report detailing the outcome of the negotiation and award process.

Deborah McMillan
Corporate Director – Education and Family Support

Contact Officer: Nicola Echanis
Head of Education and Early Help

Telephone: (01656) 642611

E-mail: nicola.echanis@bridgend.gov.uk

Postal Address Bridgend County Borough Council,
Civic Offices,
Angel Street,
Bridgend, CF31 4WB

Background Papers:

Cabinet Report, 16th September 2014 “CONTINUED SUPPORT OF THE SOUTH EAST WALES SCHOOLS CAPITAL PROCUREMENT FRAMEWORK (SEWSCAP)”

Cabinet Report 3rd March 2015: “PRINCIPLES DOCUMENT”

Cabinet Report 6th September 2016: SCHOOL MODERNISATION PROGRAMME: OUTCOME OF PUBLIC NOTICE ON PROPOSAL TO MAKE A REGULATED ALTERATION TO PENCOED PRIMARY SCHOOL

Cabinet Report 4th October 2016: JOINT REPORT OF THE CORPORATE DIRECTOR – EDUCATION AND FAMILY SUPPORT AND HEAD OF FINANCE
SCHOOL MODERNISATION – PENCOED PRIMARY, INVITATION TO TENDER AND CONTRACT AWARD