

<b>Meeting of:</b>	<b>CABINET</b>
<b>Date of Meeting:</b>	<b>14 JANUARY 2025</b>
<b>Report Title:</b>	<b>SCHOOL MODERNISATION PROGRAMME – HERONSBRIDGE SCHOOL AND HARWOOD HOUSE – PROCUREMENT</b>
<b>Report Owner / Corporate Director:</b>	<b>CORPORATE DIRECTOR – EDUCATION, EARLY YEARS AND YOUNG PEOPLE  CORPORATE DIRECTOR – SOCIAL SERVICES AND WELLBEING</b>
<b>Responsible Officer:</b>	<b>GAYNOR THOMAS MANAGER, SUSTAINABLE COMMUNITIES FOR LEARNING JADE JONES CHILDREN’S COMMISSIONING AND SUFFICIENCY LEAD</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no effect upon policy framework or procedure rules.</b>
<b>Executive Summary:</b>	<b>The necessary Welsh Government and Council approvals are now in place to progress the Heronsbridge School scheme to Full Business Case stage. Cabinet approval is sought to tender for a design and build contractor to progress the scheme through Royal Institute of British Architects Stages 3 and 4 and to establish a fixed-price cost to construct the school and residential provision. Harwood House (specialist children’s residential provision) is located on the existing Heronsbridge School site, the relocation for which is proposed to be included as part of the tender.</b>

## **1. Purpose of report**

1.1 The purpose of this report is to:

- seek Cabinet approval for the procurement strategy for the design and build of the replacement school;
- seek Cabinet approval to proceed with tendering the scheme;

- seek Cabinet approval to include the specialist children's residential provision (Harwood House) as part of the tender as a separate option, allowing for the scheme to be either included or excluded once contracts are awarded, pending the required capital funding being confirmed;
- advise Cabinet that they will be presented with a future report prior to awarding the main construction contract, which sets out the position regarding costs and budget; and
- advise Cabinet that they will be presented with a future report to modify the school opening date.

## **2. Background**

- 2.1 On 6 December 2017, the Welsh Government Department for Education gave 'approval in principle' for Bridgend's second wave of investment to support the School Modernisation Programme, which at that stage had an estimated cost envelope of £68.2m. Further costs were to be determined, and these would be associated with additional infrastructure capacity.
- 2.2 In January 2018, Council approved, in principle, the financial commitment required, subject to sufficient resources being identified and allocated to meet the match funding commitment.
- 2.3 In January 2020, Cabinet was presented with the outcome of the extensive options appraisal relating to each of the approved projects.
- 2.4 In December 2020, Cabinet/Corporate Management Board (CCMB) endorsed the preferred 'Do maximum' option for Heronsbridge School (that is, a new-build school for pupils with autistic spectrum disorder (ASD), severe learning difficulties and profound and multiple learning difficulties plus residential provision). The school would be sized to accommodate 300 pupils. This was reflected in the strategic outline business case, which was subsequently submitted to Welsh Government for consideration.
- 2.5 In December 2020, Council approval was received to include funding in the Capital Programme to deal with payments associated with securing land.
- 2.6 In March 2021, Ministerial approval was received in respect of the Strategic Outline Business Case for a replacement 300-place Heronsbridge School, plus residential provision.
- 2.7 Ministerial approval of the Welsh Government Outline Business Case was received in November 2021.
- 2.8 The outcome of the feasibility study to consider the development of the school on privately owned land at Island Farm, Bridgend was reported to Cabinet on 8 March 2022 and approval was received to commence a statutory consultation process to make regulated alterations to Heronsbridge School to increase the number of pupils for whom the school makes provision to 300 and to relocate the school from its current location at Ewenny Road, Bridgend to Island Farm, Bridgend.

- 2.9 In June 2022, Cabinet was informed of the outcome of the statutory consultation process and gave approval to publish the consultation report and statutory notice in respect of the proposal. The statutory notice was published on 30 June 2022 and no objections were received in respect of the proposal. On 18 October 2022, the outcome of the statutory process was reported to Cabinet, who determined to proceed and modify the proposal so that the school opens at the beginning of the spring term 2026, to allow time for meaningful stakeholder engagement to take place in respect of the design development.
- 2.10 On 18 October 2022, a subsequent report regarding the procurement strategy for the replacement school received Cabinet approval.
- 2.11 The Remodeling Children's Residential Services Project was formed in 2017-2018 as part of the Remodelling Children's Services Programme. The remit of the project was to review current residential provision (to include residential homes and out-of-county placements) and to develop a proposed new residential and accommodation model. As part of the remodelling programme, Harwood House was secured on the current Heronsbridge School site, and a refurbishment was completed to meet regulations and enable registration with Care Inspectorate Wales.
- 2.12 The service has delivered on the business case outcomes, which was to mitigate the need to place children out-of-county in what have traditionally been very high-cost placements. However, there are limitations in terms of the physical aspect of the property, with it being unable to accommodate wheelchair users, which restricts the service accommodating children and young people with a physical disability.
- 2.13 In December 2020, CCMB endorsed the option for relocating Heronsbridge School onto a new site, where due to service and financial benefits, it was agreed for Harwood House to continue to be co-located with the school, and to be included in future design and build plans.

### **3. Current situation/proposal**

- 3.1 A tender process to procure the services of a multi-disciplinary design team via the South East Wales Technical and Professional Services Framework to develop the design of the school through to the end of Royal Institute of British Architects (RIBA) Stage 2 has been undertaken. The appointed team, AECOM, has undertaken the necessary consultation, brief development, and design development under a Professional Services Contract (PSC), which has resulted in a RIBA Stage 2 design and cost plan.
- 3.2 In March 2024, CCMB endorsed a proposal to submit a revised Outline Business Case (OBC) to Welsh Government to include a revised 'do maximum' option to include a swimming pool to be delivered as part of the project, and to detail the increased cost of the scheme (based on the RIBA Stage 2 design and increased market rates). CCMB also supported the continued development of the scheme to tender stage.
- 3.3 On 25 September 2024, the Cabinet Secretary for Education approved the revised OBC and gave approval to proceed to Full Business Case (FBC) stage.

- 3.4 The increased cost of the scheme has resulted in additional Bridgend County Borough Council (BCBC) funding being required to meet the local authority's 25% contribution for the replacement school. This matter was reported to Council in November 2024, and the additional funding was approved for inclusion in the capital programme.
- 3.5 Now that the necessary approvals are in place, the local authority can tender the scheme. As approved by Cabinet in October 2022, the tender process will follow the agreed procurement strategy to appoint a design and build contractor to take the scheme forward via a two-stage tender. The lotting structure for the South East and Mid Wales Collaborative Construction Framework (SEWSCAP4) was revised in October 2024. Therefore, the project will now be tendered as a mini competition under Lot 9 of the framework. The successful bidder will be appointed under a PSC for the remaining design of the project (that is, RIBA Stages 3 and 4). The main contract (that is, the build) would be conducted under an NEC 4: Option A contract (that is, a priced contract with activity schedule which, save in certain defined circumstances, places the financial risk of conducting the activities at the agreed prices with the contractor). The priced cost will be reported to Cabinet in due course, for consideration and approval.
- 3.6 Any Section 278 works (that is, highway improvements outside the curtilage of the site) deemed as necessary to deliver this project will be identified through RIBA Stages 3 and 4 and priced separately. The highway design and works will sit outside of the design and construction tender price cap. Fees and construction associated with highway works will be funded from the Council-approved budget, 'Highways Schemes Band B Schools', separately costed, and will be included in the future Cabinet report referred to at paragraph 3.5.
- 3.7 The scheme will be tendered on a 70% quality (which includes 10% for social value) and 30% cost basis, with a price cap of £2m for the first stage (that is, design) and £53.5m for the second stage (that is, construction).
- 3.8 As detailed in the procurement strategy report, the option of novating the appointed design team across to the contractor has now been considered. Due to programme constraints and the knowledge gained throughout RIBA Stage 2, via engagement sessions with pupils, staff, and other stakeholders (which have informed the design development to-date), it is considered beneficial to retain the incumbent designers as part of the main contractor's team under the PSC and construction contract but that will not be included as a tender requirement and there will be no requirement for the appointed contractor to enter into a novation agreement with the designers.
- 3.9 The invitation to tender will include an expressed preference that the appointed contractor employ the services of the incumbent designers but there will not be a requirement that they do so, entering into a novation agreement will not be a tender requirement and the appointment of an alternative design team will not be restricted. Tendering contractors will be required to negotiate and agree sub-consultant terms and conditions as appropriate for all required services/investigations/surveys. The main contractor will be responsible for negotiating and agreeing terms and conditions and ensuring all necessary design services are procured to deliver the project scope.
- 3.10 The use of alternative design teams will not be restricted and if the tenderers should have any reason for not entering into a sub-consultancy agreement for design

services with the incumbent designers, then they will be able to confirm this during the tender period. For all remaining design disciplines, the tendering contractors are again free to approach and appoint other designers to complete the design.

- 3.11 Cabinet will be aware that there have been delays in delivering this scheme. Consequently, the planned opening date of January 2026 is no longer achievable. Notwithstanding this, under the School Organisation Code, 2018, Cabinet can modify the opening date for the school to reflect a revised date. Cabinet will be presented with a future report in this regard, once a successful bidder has been appointed and has had input into the programme.
- 3.12 Welsh Government Housing with Care Fund (HCF) capital funding was used to fund the design element of the proposed relocation during 2023-2024 and 2024-2025. The regional team had also provisionally included this project in their current HCF capital programme as a 'scheme only' but without confirmed budget, to the amount of £3.2m in 2025-2026.
- 3.13 Due to delays in the broader project, the building works are now unlikely to be completed until 2027-2028, where officers have subsequently advised the regional team that the £3.2m initially earmarked in the HCF capital programme for 2025-2026 will need to be split out, as below:
- £200k in 2025-2026 for the remaining design work and provisional works; and
  - £3m over 2026-2027 and 2027-2028 for build costs, where we anticipate all these costs to be incurred by spring 2028.
- 3.14 Welsh Government has advised the regional team verbally that formal notification will soon be awarded to the region confirming the HCF budget for 2025-2026, which would safeguard the required £200k for this scheme in 2025-2026.
- 3.15 Current HCF funding is only available for four years (that is, from 2022-2023 to 2025-2026), and there is no information from Welsh Government in respect of capital funding guidance or capital amounts from 2026-2027. The region has advised that, as and when Welsh Government capital funding is confirmed beyond 2025-2026, this project will be deemed a Bridgend priority within the regional context. However, they have advised that no 100% guarantees can be provided at this stage, and this will require decision(s) made by the relevant regional board(s).

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh language. It is therefore not necessary to conduct a full EIA on this policy or proposal. There have been positive impacts identified, including disability and gender.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

- 5.1 The Well-being of Future Generations (Wales) Act 2015 Assessment provides a comprehensive summary of the outcomes expected from the implementation of the service.

Long-term	The scheme fulfils the Council's statutory duty to provide sufficient pupil places and will allow teaching and learning to take place in a building and site which is suited to the needs of the pupils and staff.
Prevention	The Council has a statutory duty to ensure there are a sufficient supply of school places, and this scheme will safeguard the Council's position in terms of any potential legal challenge in this regard.
Integration	Providing sufficient places at Heronsbridge School, ensures that the curriculum can be delivered and meets the social, environmental, and cultural objectives of pupils and the community it will serve. This scheme will promote inclusion. Community use of facilities will be explored and, where appropriate, will be incorporated into the design. Construction will be competitively tendered, via a mini competition through the SEWSCAP4 Framework. This will provide opportunities for local companies to engage with the main contractor for inclusion in their supply chain, via 'Meet the Buyer' events. This would support economic activity in the area. Social value will be maximised.
Collaboration	The Council will work effectively with the school, Estyn, Central South Consortium, health, town and community councils and many internal and external partners to ensure that the building meets the short-term and future needs of the users and the community which it will serve. Officers will work with an external design team in developing the scheme to ensure that the building design is sustainable and energy efficient and delivers on the decarbonisation agenda.
Involvement	This scheme was subject to a long list of education and site options. These were systematically evaluated and have been reduced from a long list to a short list to confirm the preferred option. Further work involved the engagement of all potential stakeholders including Cabinet, members, governors, staff, pupils, community, internal and external partners during the consultation exercise. A public consultation process has been undertaken, according to the Welsh Government School Organisation Code 2018. Further stakeholder engagement will take place, and this will inform the design of the replacement school.

As a result of the assessment, it is considered that there will be a positive impact upon the achievement of well-being goals/objectives.

## **6. Climate change Implications**

- 6.1 In recognition of the importance of decarbonisation to help protect and sustain the environment over the long term and in line with our climate change ambitions the replacement Heronsbridge School will be Net Zero Carbon.

## **7. Safeguarding and Corporate Parent Implications**

- 7.1 The replacement Heronsbridge School will be developed with a recognition that there is a duty which is reflected under BCBC Safeguarding Policy to safeguard and promote the wellbeing of children, young people, and adults at risk of abuse or neglect and to ensure that effective practices are in place throughout the Council and its commissioned services.

## **8. Financial Implications**

- 8.1 In 2021, Welsh Government approved the OBC for the replacement Heronsbridge School scheme, in which the Council committed to funding £7.884m of the overall £34.504m cost. However, since that time the construction industry has seen costs escalate due to COVID-19, the war in the Ukraine, costs of incorporating decarbonisation measures and energy price increases, which has resulted in the projected cost of the scheme significantly increasing to £59.985m.
- 8.2 In November 2024, Council approved additional BCBC funding of £6.182m to deliver the scheme, and as detailed in paragraph 3.3, the scheme can now progress to FBC stage.
- 8.3 Once the FBC is submitted, Welsh Government should approve the additional grant match funding of £19.299m to ensure there is sufficient funding overall to meet the estimated scheme costs, which will be added to the capital programme once approved.
- 8.4 Any revenue implications resulting because of moving sites, including increases to the school's delegated budget to cover a larger premises areas, and any potential increases in school transport costs, will not be known until the scheme is developed further.
- 8.5 There are no revenue implications associated with the Harwood House relocation.
- 8.6 In respect of the capital funding, Social Services and Wellbeing Directorate officers are working closely with regional colleagues to ensure the Harwood House element of this scheme is deemed a priority for funding, once HCF guidance and capital amounts are confirmed by Welsh Government for 2026-2027 onwards.

## **9. Recommendations**

- 9.1 It is recommended that Cabinet:
- approves the procurement strategy for the design and build of the replacement school scheme;
  - gives approval to proceed with tendering the scheme;

- gives approval to include the specialist children's residential provision (Harwood House) in the tender as a separate option, allowing for the scheme to be either included or excluded once contracts are awarded, pending the required capital funding being confirmed;
- notes that Cabinet will be presented with a future report prior to awarding the main construction contract, which sets out the position regarding costs and budget; and
- notes that Cabinet will be presented with a future report to modify the school opening date.

### **Background documents**

None