

# ITEM 7

**REPORT TO:** CITY DEVELOPMENT COMMITTEE – 25 JANUARY 2016  
**REPORT ON:** NEW MENZIESHILL PRIMARY AND NURSERY SCHOOLS  
**REPORT BY:** EXECUTIVE DIRECTOR OF CITY DEVELOPMENT  
**REPORT NO:** 392 2015

## **1 PURPOSE OF REPORT**

- 1.1 This report describes the procurement and tendering process utilised for the new Menzieshill Primary and Nursery Schools and seeks a decision on the acceptance of the tender price and allowances.

## **2 RECOMMENDATION**

- 2.1 It is recommended that the Committee approves the acceptance of the tender price submitted by Wilmott Dixon Construction Limited in the amount of £11,136,900 with allowances amounting to £2,115,000, giving a total cost of £13,251,900.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 The total projected cost of the new Menzieshill Primary and Nursery Schools is estimated to be £13,251,900 which exceeds the provision of £12,768,000 in the Capital Plan 2016-2021. The additional provision will require to be included in the Capital Plan when it is next reviewed.
- 3.2 The estimated total cost of £13,251,900 will be funded from borrowing and the resultant annual loan charges of £608,000 (full year effect from 2018/19) will be contained within future years' Revenue Budgets.

## **4 BACKGROUND**

- 4.1 Reference is made to Article III of the meeting of the City Development Committee of 23 February 2015 when the Committee agreed to procure the construction of the new Menzieshill Primary and Nursery Schools from Wilmott Dixon Capital Works Limited under the Scape Framework with the performance obligations of the contract sub-contracted to Robertson Construction Group Limited. It was subsequently confirmed that Wilmott Dixon Capital Works Limited has changed its name to Wilmott Dixon Public & Commercial Limited and that the Project Delivery Agreement should be entered into with Wilmott Dixon Construction Limited, its wholly owned subsidiary.
- 4.2 The works comprise the construction of a two storey 3-stream primary school designed for an anticipated school roll of 650 pupils and a 70 F.T.E. nursery school for 3 - 5 years old, with a separate nursery area for up to 30 F.T.E. 2 year olds. The building will have a total area of approximately 5600m<sup>2</sup>. Vehicular access to the main school car park will be from Dickson Avenue with a pupil drop-off facility and small nursery car park accessed from Earn Crescent, as is the service yard.
- 4.3 Using the Scape Framework, the specification and design for the new school building was produced by the Council's in-house design team and the tender price built up using open book tendering for all work packages, with fixed management fees, overheads and profit for the lead contractor. The lump sum tender price was 100% market tested, with 46 individual work packages issued to 169 potential sub-contractors. An independent benchmarking

exercise has been carried out which confirms that the tender price represents value for money.

- 4.4 It has also been clarified that the structure of the Scape Framework enables Robertson Construction when they are tendering work packages to require that sub-contractors (and the sub-contractors' sub-contractors) pay the Living Wage as a minimum to all employees actively employed on site. This requirement will be applied to this contract with any additional cost on the tender price (including potential 'top up costs') being met from the Council's contingency provision. The Living Wage, as recognised by the Poverty Alliance has increased from the 1 November 2015 to £8.25 per hour. While the Living Wage is an important tool in addressing in work poverty, it is recognised that its implementation will be a challenge for some SMEs, micro businesses and social enterprises. To ensure that the requirement to pay the Living Wage does not become a barrier to engaging with these organisations, provisions will be put in place for key packages and support functions to allow contractors who can evidence that they are actively working towards the payment of the Living Wage to compete for sub-contract opportunities. Their progress towards becoming a Living Wage employer will be agreed and monitored by Dundee City Council's Community Benefits Officer.
- 4.5 The total projected cost of the new Menzieshill Primary and Nursery Schools is made up as follows –

Lump Sum Tender Price		£11,136,900
Allowances for	£	
Professional Fees	970,000	
Site Acquisition	500,000	
Decant and Commissioning	80,000	
Public Art	10,000	
Planning Fee	20,000	
Building Warrant	30,000	
Site Surveys etc	40,000	
Traffic Impact Assessment	15,000	
Off-site Highway Improvements	100,000	
Contingency Provision	350,000	£ 2,115,000
		<u>£13,251,900</u>

- 4.6 It will be noted that the total projected cost of the new Menzieshill Primary and Nursery Schools exceeds the provision of £12,768,000 contained in the Capital Plan 2016-2021 by £483,900. The additional expenditure is made up of an abnormal level of site works, including retaining walls, screening of previous demolition materials and the need for more robust foundations, and also includes items that were not covered in the original budget eg photo-voltaic panels, a muga pitch for use by the school and the community and off-site highway improvements on Dickson Avenue and Earn Crescent.
- 4.7 Dundee City Council's Community Benefits Through Procurement Policy seeks to maximise economic and social benefits from Council procurement within the current legal framework through the inclusion of Community Benefits on all applicable contracts. The Scape Framework also requires Community Benefits to be realised, and has achieved the following commitments for this contract:

<b>Community Benefit Area</b>	<b>Target</b>	<b>Source</b>
<b>Supplier Development</b>		
Percentage of Spend (allocated locally)		
Contract Spend within 10 miles	20%	Scape
Contract Spend within 20 miles	40%	Scape
Contract Spend within 40 miles	75%	Scape
Supplier Development Events	2	DCC
<b>Employment and Skills</b>		
Local Labour Monitoring	Monitor Only	DCC
New Start Employment Opportunities	4	DCC
Apprentices (Project Initiated)	5	DCC
Work Experience (School & Post School)	13	DCC
Awareness Raising/Curriculum Support Events	6	DCC

- 4.8 Additional community benefits targets have also been agreed with the Council and these include supplier development, employment and skills activities, community awareness activity and workforce skills development. Monitoring of the above commitments and targets will be carried out with the lead contractor by Dundee City Council's Community Benefits Officer and will be reported as part of the overall Community Benefits updates to Committee on a regular basis.

## **5 POLICY IMPLICATIONS**

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

## **6 CONSULTATIONS**

- 6.1 The Chief Executive, the Executive Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

## **7 BACKGROUND PAPERS**

- 7.1 None.

Mike Galloway  
Executive Director of City Development

Fergus Wilson  
Head of Design & Property

FW/IL/AMcG

15 December 2015

Dundee City Council  
Dundee House  
Dundee

