

ITEM No ...9.....

REPORT TO: CITY DEVELOPMENT COMMITTEE – 27 MARCH 2017

REPORT ON: NEW NORTH EAST SCHOOL CAMPUS

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 107-2017

1 PURPOSE OF REPORT

1.1 This report describes the procurement and tendering process utilised for the new North East School Campus and seeks a decision on the acceptance of the tender price and allowances.

2 RECOMMENDATION

2.1 It is recommended that the Committee:

a approves the acceptance of the tender submission from Wilmott Dixon Construction Limited in the amount of £15,600,725 with allowances amounting to £1,599,172, giving a total cost of £17,199,897.

b note that the start date for the project is currently April 2017 with a construction completion date of June 2018 with the facilities operational for the Autumn term in August 2018.

3 FINANCIAL IMPLICATIONS

3.1 The total projected cost of the new North East School Campus is estimated to be £17,199,897. The Executive Director of Corporate Services has confirmed that funding is available within the in the Capital Plan 2017-2022.

4 BACKGROUND

4.1 Reference is made to Article VII of the meeting of the City Development Committee of 26 October 2015 when the Committee agreed to procure the construction of the new North East School Campus from Wilmott Dixon Capital Works Limited under the Scape Framework with the performance obligations of the contract sub-contracted to Robertson Construction Group Limited.

4.2 The works comprise the construction of 2 new 2 stream primary schools, designed over 3 storeys for an anticipated maximum combined school roll of 868 pupils and a 95 FTE nursery school for 3 to 5 years old, with a separate nursery area for up to 30 FTE 2 year olds and a 18 pupil city wide enhanced facility. The building will have a total area of approximately 7500m². Vehicular access to the main school, pupil drop-off and service yard car park will be from Lothian Crescent with an additional pupil drop-off facility on Longhaugh Road.

4.3 Using the Scape Framework, the specification and design for the new school building was produced by Robertson Constructions design consultants and the Council's in-house Structural and Civil Engineering team and the tender price built up using open book tendering for all work packages, with contractually fixed management fees, overheads and profit for the lead contractor. The lump sum tender price was 100% market tested, with 68 individual work packages issued to 380 potential sub-contractors.

4.4 In this contract, Robertson Construction and all sub-contractors (and the sub-contractors' sub-contractors) will pay the Living Wage as a minimum to all employees employed on site. The

Living Wage, as recognised by the Poverty Alliance is currently £8.45 per hour (from 1 November 2016).

4.5 The total project cost of the new North East Campus is made up as follows:

Lump Sum Tender Price	£14,952,834	
External Professional Design Fees	647,891	£15,600,725
Allowances for In House Professional Fees	£ 536,187	
IT Installation/Equipment	50,000	
Decant and Commissioning	150,000	
Public Art	10,000	
Planning Fee	20,155	
Building Warrant	37,180	
Site Surveys etc.	70,000	
Traffic Impact Assessment	15,650	
Off-site Highway Improvements	150,000	
Public Utility Diversions	35,000	
Contingency Provision	525,000	£ 1,599,172
Total Project Cost		<u>£17,199,897</u>

4.6 It should be noted that the total projected cost of the new North East School Campus exceeds the current provision of £16,900,000 contained in the Capital Plan 2017-2022 by £299,897 (1.8%). The tender has been fully reviewed and the main reasons for the increase in costs have been identified as follows:-

- inflation and the increased cost of importing manufactured component parts and materials from mainland Europe, as a consequence of the weaker pound (£200,000);
- changing market conditions with increased sub-contract tender package prices submitted by the supply chain. The number of sub-contractors invited to price work packages and subsequently returning offers has reduced to around 56% in comparison with previous average return rates of nearer 75%. Offers submitted are higher than allowances due to sub-contractors seeing an increasing potential workload from buoyant market conditions, leading to a more selective choice in the projects targeted, resulting in higher offers submitted (£100,000).

The Executive Director of Corporate Services has confirmed that funding is available within the Capital Plan 2017-2022. The additional provision will require to be included when the Capital Plan is reviewed later this year.

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:

Community Benefit Area	Target	Source
Supplier Development		
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
Employment and Skills		
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
Awareness Raising – Individuals Supported on site (i.e. visits)	602	Scape
Awareness Raising – Individuals supported on offside activity	402	Scape

- 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.

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FW/NM/MS

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