

ITEM No ...6.....

REPORT TO: CITY DEVELOPMENT COMMITTEE – 12 DECEMBER 2016
REPORT ON: NEW COLDSIDE SCHOOLS & COMMUNITY PROJECT
REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT
REPORT NO: 371-2016

1 PURPOSE OF REPORT

1.1 This report describes the procurement and tendering process utilised for the new Coldside Schools and Community Project and seeks a decision on the acceptance of the tender price and allowances.

2 RECOMMENDATION

2.1 It is recommended that the Committee:

- i) approves the acceptance of the tender price submitted by Wilmott Dixon Construction Limited in the amount of £13,545,000 with allowances amounting to £2,825,000 giving a total cost of £16,370,000.
- ii) note that the start date for the project is currently February 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 Coldside Schools and Community Project is estimated to be £16,370,000. The Executive Director of Corporate Services has confirmed that funding is available within the Capital Plan 2017-2022.

3.2 The estimated total cost of £16,370,000 will be funded from borrowing and the resultant annual loan charges of £737,000 (full year effect from 2019/20) will be contained within future years' Revenue Budgets. It will be necessary to adjust the Child and Families Revenue budget to reflect the increased property costs of £37,000 per annum with effect from 2017-2018.

4 BACKGROUND

4.1 Reference is made to Article XIV of the meeting of the City Development Committee of 24 August 2015 when the Committee agreed to procure the construction of the new Coldside School and Community Project 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 2 new 1 stream primary schools with 4 additional flexible classrooms, designed over 2 storeys for an anticipated maximum combined school roll of 500 pupils and a 60 F.T.E. nursery school for 3 to 5 years old and a 24 pupil enhanced facility, with a separate nursery area for up to 30 F.T.E. 2 year olds. A dedicated facility for community use of 500m² is included. The building

will have a total area of approximately 6250m². Vehicular access to the main school, community facility, pupil drop-off and service yard car park will be from Alexander Street with a nursery school car park and pupil drop-off facility from Ann Street.

- 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 contractually fixed management fees, overheads and profit for the lead contractor. The lump sum tender price was 100% market tested, with 60 individual work packages issued to 396 potential sub-contractors.
- 4.4 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 is being applied to this contract. The Living Wage, as recognised by the Poverty Alliance is currently £8.45 per hour (from 1 November 2016). Robertson will require all key packages contractors on site to be paying the new rate. Whilst the Living Wage is an important tool in addressing in-work poverty, it is recognised that its implementation will be a challenge for a small number of 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 non-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 non-key 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 Coldside Schools and Community Project is made up as follows:

Lump Sum Tender Price		£13,545,000
Allowances for	£	
Professional Fees	1,351,000	
Site Acquisition	500,000	
IT Installation/Equipment	30,000	
Decant and Commissioning	100,000	
Public Art	10,000	
Planning Fee	35,000	
Building Warrant	20,000	
Site Surveys etc	75,000	
Traffic Impact Assessment	16,000	
Off-site Highway Improvements	245,000	
Public Utility Diversions	68,000	
Contingency Provision	375,000	
		<u>£2,825,000</u>
		<u>£16,370,000</u>

- 4.6 It should be noted that the total projected cost of the new Coldside Schools and Community Project exceeds the provision of £15,910,000 contained in the Capital Plan 2017-2022 by £460,000 (2.89%).

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 (£250k);
- 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 58% in comparison with previous average return rates of nearer 75%. Offers submitted are higher than anticipated 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 (£120k); and
- the increased scope of off-site highway improvement works to comply with the recommendations of the Transport Assessment, comprising works in Ann Street, Alexander Street and an additional area of off-street parking for drop-off and pick-up. Also higher than anticipated costs associated with extensive public utility diversions (£90k).

4.7 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 in the Capital Plan when it is next reviewed.

4.8 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

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

1 December 2016

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