

Classification: Open	Decision Type: Key
--------------------------------	------------------------------

Report to:	Cabinet	Date: 12 July 2023
Subject:	Children’s Services Capital Programme – Part A	
Report of	Deputy Leader and Cabinet Member for Children and Young People	

Summary

1. Cabinet has received a number of reports in respect of capital projects to support a number of developments.
2. A number of these projects are now at different stages of design and delivery but a common theme that is evident with these projects, and others being delivered across the Council, is the challenges linked to market capacity and inflationary pressures. Please see appendices.
3. Demands on the construction industry nationally means that there is limited competition in the marketplace, extended lead times for the supply of materials, with resultant impact on project delivery timescales, and significantly higher tender costs.
4. Technical consultants leading on the design and procurement of projects have attempted to factor time delays and inflationary pressures into schemes, but the market continues to be challenging.
5. This report provides an update on the status of three projects that have previously been reported to Council, given the significant changes that have occurred since first being reported.

Spurr House

6. At its meeting of the 7th September 2022 (CA.51) Cabinet approved the transfer of Spurr House from Adult Care to Children and Young People to facilitate the relocation of the Pupil Referral Unit (Spring Lane School) from its current Spring Lane building. This was to enable vacant possession of the Spring Lane site to be provided to the Department for Education for the construction of the new secondary school. The requirements and consequences of late delivery are detailed in paragraph 8. At the same meeting, Cabinet approved the indicative capital costs (CA.62) for the required improvements and adaptations to the Spurr House building. These costs are shown in Part B.
7. An important consideration in developing the project for the adaptation of Spurr House, is the cost-effectiveness and value of money of the proposed solution, taking into account the benefits of both releasing the Spring Lane site for the new high school, and in providing high quality replacement accommodation for the PRU.

8. There are clear dependencies between a number of projects, with significant risks to delivery, and with financial implications. The Council has committed to provide vacant possession of the Spring Lane site to DfE in order to enable construction of the new high school to commence. There are financial penalties payable by the Council in the event that it does not achieve the vacant possession date, which are £2.4m and reflect the cost of demolishing existing structures and providing the all-weather pitch. Further, the vacant possession date is critical in enabling the provision of the modular accommodation on the Spring Lane site, necessary for the new high school to open in September 2024.
9. These dependencies, and the need to ensure continuity of provision for the PRU present significant risks. The actions set out in this report, to review the cost and programme for the adaptations to Spurr House, and to identify an interim solution in the event of late delivery of those adaptations, are intended to mitigate those risks.
10. The relocation of the Pupil Referral Unit (PRU) to Spurr House is seen as part of a longer-term strategy whereby the Pupil Referral Unit will ultimately be co-located with the new SEMH Free Special School, the indicative timeline for which is completion in the 2025/26 academic year, at which point Spurr House will continue to be used to deliver specialist education provision. The design of the improvements and adaptations reflect this changing use over time.
11. The project for improvements and adaptations to Spurr House has now been developed in greater detail (RIBA Stage 3), and tenders invited. Only one tender was submitted which was at a significantly higher cost than anticipated.
12. This report sets out options in response, and seeks approval to further develop the design, whilst looking to value engineer the project in order to reduce cost and accelerate project delivery. To do so requires the Council to enter into a Pre-Construction Services Agreement with the sole tenderer to develop the scheme to RIBA stage 4.
13. Cabinet approval is sought to the cost of this work being commissioned, to be funded from the Children's Services Capital Programme.
14. Entering into a PCSA does not commit the Council to award a contract to the sole tenderer for delivery of the project.
15. The work undertaken to develop the scheme to RIBA stage 4 will enable the value for money of the project to be re-assessed, and if necessary, inform the need to re-procure, recognising that this will lead to further delay in delivery of the project.
16. Whilst the technical consultants advised on a programme of 30 weeks to deliver the project, the single tenderer has indicated a 44 week programme. Unless this programme can be accelerated the building will not be ready to

accommodate the Pupil Referral Unit until summer term 2024, beyond the date on which they must vacate their current building.

17. The Council has committed to provided vacant possession of the Spring Lane site to the DfE by 1st March 2024, with a significant financial penalty if that is not achieved. As detailed above there is a penalty of £2.4m which reflects the cost of demolishing existing structures and providing the all-weather pitch. It is essential therefore that the PRU is able to vacate its building before that date.
18. In order to put in place a contingency in the event that the completion of Spurr House is delayed, work is ongoing with the leadership team of the PRU, the Land & Property Team within the Council, and technical advisers, to identify an interim solution that can accommodate the PRU between February half-term 2024, until Spurr House is ready for occupation, and how the impact of these interim arrangements on the young people attending the PRU can be minimised.
19. A number of options are being considered including the use of Council owned buildings, and the provision of modular classrooms sited on a council owned site. It is the intention to confirm the preferred option by the end of July.
20. Funding for the contingency arrangements will be met from the Children's Services Capital Programme.
21. A further report will be presented to Cabinet in September as part of the Quarter 1 monitoring of the Council's Capital Programme, which consider how the Children's Services Capital programme will need to be re-profiled to reflect these and other additional costs will be met.

Millwood Special School

22. At its meeting of the 14th December 2022 (CA.103) Cabinet considered a report about ongoing remediation at Millwood Special School and also the need to expand capacity at the school. Cabinet approved the submission of a business case to the North West Construction Hub in support of a direct contract award to ISG Ltd, to deliver a project to expand the school.
23. The rationale for the direct award was set out in the December report and included the need for timely and cost-effective delivery of the project to enable the establishment of additional special school places by September 2024.
24. The December 2022 report did not contain any capital costs but indicated that a further report would be presented to Cabinet detailing the programme and costs.
25. The Children's Services Capital Programme did contain a provisional sum for the works, based on initial high-level estimates. These costs have now risen substantially. The financial details are set out in Part B.

26. This report sets out options in response, and seeks approval to further develop the design, whilst looking to value engineer the project in order to reduce cost and accelerate project delivery.
27. To do so requires the Council to enter into a Pre-Construction Services Agreement with the contractor to develop the scheme to RIBA stage 4. This enables the detail of the project to be developed, enabling greater confidence in the capital cost and programme for delivery.
28. In entering into a PCSA, it does not commit the Council to award a contract to ISG for delivery of the full project.
29. Cabinet approval is sought to the cost of this work being commissioned, to be funded from the Children's Services Capital Programme.
30. As development of this detail is progressed, ongoing advice and guidance from Legal services and Star Procurement will inform the value for money of the project in the context of that re-emerging detail, and inform future decisions on the final procurement route, and whether the project needs to be re-tendered.

Specialist Resourced Provision Units

31. At its meeting on the 11th January 2023 (CA.116) Cabinet received a report outlining plans for the development of specialist Resourced Provision units, linked to a number of mainstream schools.
32. The report included a schedule of indicative capital costs required to deliver individual projects in the programme and which included a project at Woodbank Primary School. The Specification for Woodbank has been reviewed and enhanced to reflect specific need and, this together with challenging market conditions has resulted in a tender cost for this project which is significantly higher than originally reported, and the background to this is outlined in this report.
33. Cabinet approval is sought to acceptance of the lowest tender.

Recommendation(s)

34. In order to progress the development of the scheme to adapt Spurr House, Cabinet is asked to approve a decision to enter into a Pre-Construction Services Agreement with a contractor selected following a tender process, and which will incur a commitment to the payment of pre-construction costs of up to £184,000. Those costs are to be met from the Children's Services capital programme.
35. In order to progress the scheme to extend Millwood Special School, Cabinet is asked to approve a decision to enter into a Pre-Construction Services Agreement with ISG, and which will incur a commitment to the payment of pre-construction costs of up to £195,000. Those costs to be met from the Children's Services capital programme.

36. Cabinet is requested to approve a contract award in respect of Woodbank Primary School, to the lowest tenderer.

Reasons for recommendation(s)

37. In order to deliver the new secondary school in Radcliffe, the Council is required to confirm that it will commit to meet certain obligations, including providing DfE with vacant possession of the Spring Lane site by 1st March 2024. Failure to provide such commitments will prevent the new school in Radcliffe scheme from progressing and the Council will incur financial penalties. The delivery of the Spurr House scheme, and the interim solution for the PRU are essential in enabling vacant possession of the Spring Lane site to be provided.
38. Development of additional capacity at Millwood Special School and new resourced Provision at Woodbank Primary School as set out in the Project Safety Valve agreement between the Council and the Department for Education, is a key element of the specialist place sufficiency strategy. Taken together, the Agreement and strategy set out the business case for the development of new provision to meet increasing demand within Bury for specialist provision and reduce the reliance on placements in Independent Non-Maintained Special Schools (INMSS). The projects at Millwood Special School and Woodbank Primary School are priorities within this strategy.

Alternative options considered and rejected

39. In respect of the relocation of the Pupil Referral Unit, whilst it is possible to re-procure the scheme for adaptation of Spurr House, it will build in further delay to delivery of the project with no certainty that costs will be reduced. The option to re-procure will remain and can be pursued in the event that the PCSA does not deliver the desired outcomes.
40. In respect of Millwood, whilst it is possible to re-procure the scheme, it will build further delay to delivery of the project with no certainty that costs will be reduced. The option to re-procure will remain, to be pursued in the event that the PCSA does not deliver the desired outcomes.

Report Author and Contact Details:

Name: Paul Cooke

Position: Strategic Lead (Education)

Department: Children's Services

E-mail: p.cooke@bury.gov.uk

Background

41. **Relocation of Spring Lane School – Adaptations to Spurr House**
42. In order to facilitate the delivery of the new secondary school in Radcliffe, there is a requirement to provide the Department for Education (DfE) with vacant possession of the Spring Lane site. Whilst construction of the new school is due to commence in January 2024 on the northern part of the site, the Southern part of the site is required by March 2024, initially to enable location of modular classrooms allowing the school to open in September 2024, and then to become the site of the school's all-weather pitch.
43. The Pupil Referral Unit (Spring Lane School) and the Radcliffe Leisure Centre are both located on this part of the site.
44. As a consequence, it is necessary for the Secondary Pupil Referral Unit (PRU) to vacate its current premises by 1st March 2024. Plans are also being made to decommission the Leisure Centre prior to this date.
45. Following an initial land and property search for potential relocation options for the PRU, the Department for Business Growth & Investment commissioned Gardiner & Theobald LLP (G&T) to carry out an option appraisal exercise. This included indicative capital costs for each of the options identified.
46. Based on the outcome of that option appraisal, G&T were then commissioned to provide Project Management and Quantity Surveying/Cost Management services in respect of the preferred relocation option, to adapt Spurr House, a Council owned former elderly care facility. This work enabled more detailed indicative costs and programme to be developed (RIBA Stage 3).
47. In Sept 2022 (CA.62) Cabinet approved the funding of capital costs to be met from the Children's Services capital programme on the basis that those costs remain indicative until detailed tender submissions were received. It was noted that further approval would be sought from Cabinet to the final costs once these were determined. The indicative programme suggested delivery of the works within 30 weeks.
48. Tender documents for the adaptations work at Spurr House were issued and in April 2023 a single return was received. The tendered price submitted is significantly higher than the indicative cost reported in September 2022 and with a protracted delivery timescale of 44 weeks. These costs are set out in Part B.
49. The contractor has indicated that there may be opportunities to reduce costs and improve upon their submitted programme through further development of the design to RIBA Stage 4 (RS4), and which may include the re-procurement of elements of the project involving the sub-contracted works.
50. Given the significantly higher tender costs, the Council could take the project out to re-tender but this presents risks in that there can be no certainty that,

based on the current RIBA stage 3 designs, that costs would be any more competitive, and further, it would introduce further delay to implementation of the scheme.

51. On advice from the Department's technical advisers G&T, it is proposed to engage with the contractor via a Pre-Construction Service Agreement (PCSA) to progress the design to RIBA Stage 4 and to include a re-tender to the subcontractor supply chain on an open book basis.
52. The Council is required to commit to meet the cost of entering into a PCSA, to enable the design to be developed to RIBA stage 4. The cost is £183,520 and can be met from the Children's Services capital programme.
53. If the Council ultimately does not proceed with the current contractor the pre-construction services (such as the design works) will still be able to be used should it be necessary to look to re-procure and make a contract award to another contractor.
54. In parallel to the development of the Spurr House improvement and adaptation scheme, and given the indication from the only tenderer of an extended delivery programme, consideration has been given to contingency plans in order to accommodate the PRU from the point when it needs to vacate the Spring Lane site (prior to 1st March 2024), until Spurr House is ready for occupation.
55. Working with the leadership of the PRU Lane School, with input from the Council's Land & Property Team, and supported by the technical team from G&T, a range of options are being considered, and proposals will be developed to enable Spring Lane School to decant from its current building, into an interim provision, pending completion of the works to Spurr House.
56. A number of options are being explored including the potential use of a number of Council owned buildings, and also the provision of modular classrooms on one of a number of Council owned sites. The outcome of this option appraisal is expected by end of July.
57. **Millwood Special School – expansion of capacity**
58. In December 2022 Cabinet considered a report which provided an update on the remediation programme being undertaken by ISG Ltd at Millwood Special School in respect of the design and construction of the school roof.
59. That report also set out a proposal to expand capacity at the school in order to meet increasing demands for local specialist provision.
60. In respect of the proposal to expand the capacity, Cabinet was requested to approve the submission of a business case to the North West Construction Hub (NWCH) requesting that a direct award be made to ISG for the expansion project. The rationale for making a direct award was set out in the report including the legal/procurement justification for procuring the expansion project

in this way. However, it did include an assumption that ISG would be able to deliver the expansion project in a more timely and cost-effective manner given their understanding of the existing building and site, and that they were already carrying out extensive work to the existing school building.

61. Cabinet gave its approval to this request and a business case was subsequently submitted and approved by the NWCH. Cabinet also noted that a further report would follow in due course requesting approval of Capital costs once final figures have been determined.
62. The Children's Services capital programme includes a provisional sum in respect of the extension project, but also a further allocation for potential roof remediation which is a legacy of the long-standing uncertainty about how the roof defects would be funded. This uncertainty is now much clearer, with ISG assuming responsibility for the cost of remediation.
63. ISG has now produced a high-level scheme which is suggesting that costs to extend the building will be significantly higher than initially anticipated, and with an extended project delivery programme. These indicative costs are set out in Part B.
64. Given the indicative cost and extended programme, the Council has the option to review its approach to procurement, and to re-procure the scheme. However, this introduces a number of risks, in that a tender exercise based on the current high-level design may not result in a more competitive outcome but will build delay into delivery of the project.
65. The appointment of ISG to carry out the extension project requires a specific procurement approach on which the Council's Legal Services and Procurement Team have advised. 'Stage 1' of a two-stage call-off procurement process under the protocols and procedures of the NWCH requires a Pre-Construction Services Agreement (General Contractor) 2016 (PCSA), which enables the contractor to collaborate with Council and team of consultants to develop detailed designs, to develop the main contract works, and to compile specialist tender documents.
66. This more detailed design work enables greater understanding of costs, and how the overall cost of the project and the programme for delivery can be improved upon.
67. Approval is sought to enter into the PCSA with ISG which will incur a commitment to the payment of pre-construction costs of up to £ 195,000 to be met from the Children's Services capital programme.
68. If the Council ultimately does not proceed with ISG with a contract award, the pre-construction services (such as the design works) will still be able to be used should it be necessary to re-procure.

69. Once detailed tender costs are available, a further report will be presented to Cabinet seeking approval to proceed with a contract award.
70. **Woodbank Primary School – Development of Resourced Provision**
71. Cabinet received a report on the 11th January 2023 (CA.116) setting out a programme plan for the establishment of Specialist Resourced Provision units at a number of schools. This report contained indicative capital costs of the works necessary to establish the units at each school. For Woodbank Primary School, the indicative capital cost was £350,000.
72. A proposal to establish Specialist Resourced Provision at Woodbank Primary School was approved by Cabinet (CA.168) at its meeting on the 19 April 2023.
73. An open tender process was carried out in March 2023. This resulted in a number of concerns with submitted tenders which were then rejected.
74. A review was carried out with the Council's Procurement Team on alternative routes to market and a specific framework was chosen as a suitable way of attracting modular build contractors who specialise in education modular classrooms.
75. A second tender process resulted in four tender returns, the lowest of which contained no issues or errors and is awardable, but which was significantly higher than the indicative costs included in the January 2023 report, albeit still below the threshold for requiring formal financial approval by Cabinet.
76. The reasons for increased costs are set out below:
- The initial provisional sum was based on a high-level assessment of the project before any detailed design.
 - The tender figure reflects current market conditions with costs for materials increasing due to the demand in the trade and inflationary pressures.
 - The costs now include a bond in the event of contractor default
 - The decision to re-procure and use the ESPO framework has incurred an additional fee cost.
77. Given that Cabinet had previously approved indicative costs for the project, approval is now sought to acceptance of the lowest tender. The tender cost is set out in Part B.
78. The revised project cost will be met from within the Children's Services capital programme.
-

Links with the Corporate Priorities:

The proposal will support key ambitions of the Let's do it strategy:

- A better future for the children of the borough
 - A better quality of life
 - A chance to feel more part of the borough
 - Building a fairer society that leaves no-one behind
-

Equality Impact and Considerations:

The outcomes of the initial equality analysis is positive. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows: A public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

An equality impact assessment has been undertaken and identified no areas of negative impact in relation to protected characteristics.

Environmental Impact and Considerations:

79. Environmental impacts and concerns will be considered as part of the pre-construction services and will be in-line with existing Council policies.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
There are significant risks to the Council in terms of timely delivery of capital projects, and within budget	The measures set out in this report are designed to mitigate this risk

Delays in the delivery of the relocation of the Pupil Referral Unit have the potential to impact on the timescale for the delivery of the new high school, and with financial penalties payable by the Council	The measures set out in this report are designed to mitigate this risk
--	--

Legal Implications:

80. STAR and Legal Services have advised on the procurement procedures being followed in respect of the three projects and are satisfied that in all three cases they are compliant with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.

Financial Implications:

All of these schemes have been subject to previous Cabinet reports but the values reported previously have all been significantly lower. The awarding of pre construction service agreements for the PRU relocation to Spurr House and Millwood Special School expansion, whilst committing the Council to further expenditure will allow costs to be tested and for value engineering to take place as part of RIBA stage 3.

The funding for these schemes is within the Education capital programme which is funded through direct allocations from the Department for Education. However, increasing costs will require prioritisation of future schemes and commitments as all three of the schemes within this report are essential to provide increased sufficiency as part of the Council's Project Safety Valve commitments.

Timeframes for the vacation of the existing PRU remain a concern as there is a significant financial penalty of £2.4m if the Council does not provide a vacant site to the DfE by 1st March 2024. There will be costs associated with a temporary solution which still need to be determined once the temporary solution is agreed.

Appendices:

None.

Background papers:

Cabinet Report – 7th September 2022 – Relocation of Pupil Referral Unit (Spring Lane School). [Link](#)

Cabinet Report – 14th December 2022 – Millwood Primary Special School: Update on remediation Programme and expansion proposal. [Link](#)

Cabinet Report – 11th January 2023 – Programme plan for future specialist resourced provision – update on progress [Link](#)

Cabinet Report – 14th April 2023 – Proposals to establish specialist resourced provision at Chantlers Primary School and Woodbank Primary School. [Link](#)

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning