



Northumberland County Council

Cabinet

Tuesday, 12 December 2023

Outcome of the tender for the New School Buildings for Astley High and Whytrig Middle Schools

Report of Councillor(s) Guy Renner-Thompson, Cabinet Member for Inspiring Young People

Responsible Officer(s): Audrey Kingham, Executive Director for Children, Young People & Education

1. Link to Key Priorities of the Corporate Plan

These proposals are most closely linked to the Council's priority for tackling inequalities (children and young people have the best start in life and grow up well), but it is also strongly linked with the priority for achieving value and making the best spending decisions.

2. Purpose of report

To update cabinet on the outcomes of the tender process for the construction of new school buildings for Astley High School and Whytrig Middle School and seek the delegated approval to award the construction contract.

An outline capital allocation for investment in Education has already been made within the Council's medium term capital programme of £37,145,020. The Final Business Case seeks to confirm the capital required for the construction and management of the proposed scheme, being £50,427,220.

3. Recommendations

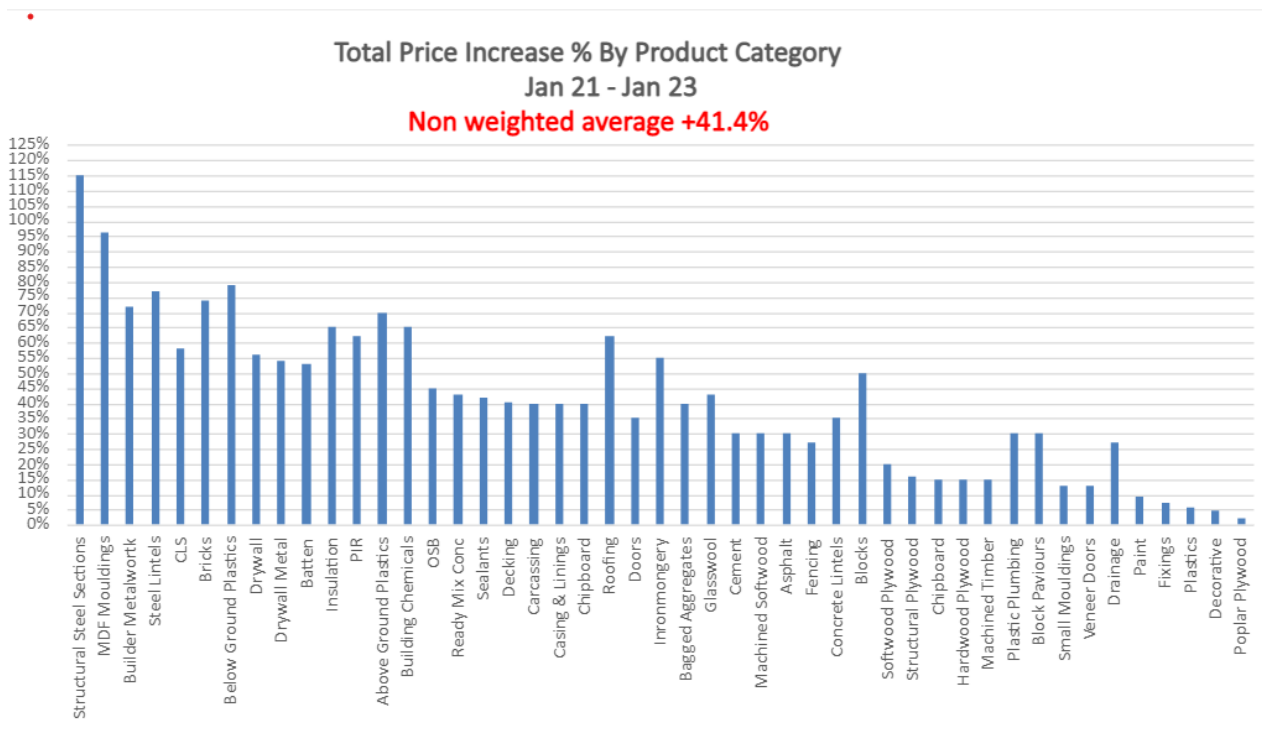
Cabinet is recommended to:

- 3.1 Note the outcomes of the tender process and agree to delegate the final award of contract to the Chief Executive in consultation with the Leader of the Council.
- 3.2 Agree to issue an early works instruction as an extension of the current preconstruction services agreement (PCSA) up to the value of £1.4m to prevent any increases in cost or delays in programme until the award of contract is complete in February 2024.
- 3.3 Note the revised allocation of £50,427,220 capital funding (an increase of £13,282,200, £10,282,200 NCC borrowing, which is subject to Full Council

approval) to amend the Council’s Medium Term Financial Plan 2024-28 to deliver the scheme.

4. Key Issues

- 4.1 Current market conditions throughout the UK are dictating difficult competitive tendering as well as soaring prices. Contractors are preferring a two-stage tendering approach due to healthy order books and being more selective in the market, resulting in minimal responses to open tender exercises. This is also impacting on the rising costs with contractors and sub-contractors being more selective when bidding and pricing work.
- 4.2 Given the market conditions, a revised hybrid two-stage approach was agreed using the Crown Commercial services framework. The change to the traditional two-stage approach was for Northumberland County Council (NCC) to take two bidders through to the second stage but NCC would compensate the unsuccessful bidder for their bidding costs up to the value of £50k.
- 4.3 This approach was market tested; however, no bids were received and therefore a direct negotiation approach has been progressing with BAM construction.
- 4.4 The graph below demonstrates the increase in construction commodity prices. Whilst inflation is around 10%, the graph below shows that cost increases are significantly higher with an average of 41% increase in costs since January 2021.



- 4.5 Whilst above demonstrates the average cost increases, below is a list of the top seven areas that are impacting on the increased budget for delivery of the Astley project.

- Steelwork increase – increase to Astley cost plan of £500k.

- Curtain Walling price has doubled from £450/m² to £900/m² (100%) – increase to Astley cost plan of £1.1m.
- Brickwork 20% increase in brick prices largely due to energy increases – increase to Astley cost plan of £150k.
- Internal Partitions a cumulative rise of 42.3% when linked to increase in specification for fire, fire stopping etc. – increase to Astley cost plan of £700k.
- M&E increase of £202/m², increase to Astley cost plan of approx. £2m.
- Sprinklers have doubled in price, up £50/m² increase to Astley cost plan of approx. £500k.
- Groundworks is difficult to assess, but cost of materials involved has gone up on average between 12-20% increase to Astley cost plan of approx. £400k.

4.6 A full design review has also taken place and has achieved over £2m in savings against the previous design and costs.

4.7 The final design solution for the development of the new school buildings will require an increased budget of £13.282m. In the main, this is attributed to the unprecedented increase in construction costs as detailed above, inflation and increased cost due to redesign of drainage system as well as delays to the programme as a result in a change in policy from Northumbria Water.

4.8 Funding options

Total Funding breakdown (£50.427m) required to achieve full scope

Funding Source	Total
School Condition Allocation (SCIP) - Grant Funding	£12,000,000
NCC Borrowing	£38,427,220
TOTAL	£50,427,220

Note; OBC costs and fees spent in 2022-23 are included in the table above, this totals £1,579,820.

5. Outcomes of the tendering Process

- 5.1 Over the last seven months a full market test of the project has been undertaken together with a full design review in order to achieve value engineering/optimisations solutions in order to provide the most cost-effective solution.
- 5.2 Our Technical adviser team (AtkinsRéalis) have been reviewing the full cost breakdown from BAM Construction to ensure the costs are justified and it is a fair and reasonable representation of the market. To ensure value for money was obtained, BAM Construction were tasked to obtain multiple quotes for each work package, preferably at least 3. The outcome of this exercise is provided in detail within the commercially confidential “Tender Outcome Report”.
- 5.3 An Early Works Instruction is required to maintain programme, particularly around ensuring that the handover date is not compromised and also to ensure that the fixed price agreement is secured with no further inflationary or fixed price risks affecting the agreed final contract sum figure, contained within confidential “Tender Outcome Report”. It also enables early orders to be placed to secure the fabrication of the steel frame and to lock in the services of key supply chain partners.

- 5.4 The Early Works Instruction for the sum of £1,446,321.66 for works up to the end of February 2024 would be issued to BAM Construction to mobilise site set up, to commence bulk excavation and associated substructure works with the two main buildings.

6. Background

- 6.1 Unlike neighbouring authorities, Northumberland has never benefited from being part of any government-funded large-scale school building replacement programme. It has therefore predominantly been the responsibility of the Council to fund its own capital investment in the school estate. There has been some success in applying for external funding for three of our high schools through the Priority Schools Building Programme. However, even within these projects, the local authority still had to contribute approximately £5m. It should also be noted that despite the above, NCC still has over £80m of backlog maintenance issues in our maintained school estate.
- 6.2 There is no doubt that Astley High School and Whytrig Middle School buildings are in need of significant capital investment, due to the condition need of the building with £15.7m backlog maintenance repairs. The building is in the greatest need for replacement when compared to the rest of the local authority-maintained school estate; it also has a high level of asbestos making repairs and maintenance extremely difficult and even impossible in some areas without closing large areas of the school.
- 6.3 After undertaking a site option appraisal process on two potential sites for the development of the two schools, the preferred option was to bring all of the school and community facilities together on one site. This was to build new school buildings on the Avenue site.
- 6.4 Cabinet approved the preferred option and funding to deliver the scheme in April 2022. Since this time the tendering exercise has been completed as described in para 2 & 3 of the report.
- 6.5 Pupil place planning data for the Seaton Valley Partnership shows that reprovision of the current capacity for pupils at Astley High School and Whytrig Middle School will be adequate for current and future needs.
- 6.6 As well as improving the teaching and learning environment for current and future pupils in the schools, improvements to the on-site sporting and community facilities will benefit the wider Seaton Valley community.

Sport and Recreation

- 6.7 There would be a positive impact on sport and recreation, with the proposed improvements to sports facilities for the school and the wider community.

7. Options open to the Council and reasons for the recommendations

- 7.1 Note the allocation of £50,427,220m capital funding; subject to full Council approval on 21st February 2024 of the Council's medium term financial plan; to deliver the scheme to provide new school buildings for Astley High School and Whytrig Middle School. The scheme is planned to be completed by September 2025.

- 7.2 Note the outcomes of the tender process and agree to delegate the final award of contract to the Chief Executive and Leader of the Council..
- 7.3 Agree to extent the current preconstruction services agreement (PCSA) up to the value of £1.4m to prevent any delays in programme and risk of cost increases until the award of contract is complete in February 2024.
- 7.4 Any other option would involve a reversal of the previous cabinet decision to proceed with the project and so the reason the above options are recommended are to ensure that the aims of the previous cabinet decision are achieved.

8. Implications

Policy	The consultation has been consistent with the Council’s policy to review changes to schools in accordance with local wishes and needs.
Finance and value for money	Refer to Appendix One – Outcomes of tender report.
Legal	The procurement process has been carried out in accordance with the Council’s finance and Procurement rules.
Procurement	Advice has been obtained from Procurement within Northumberland County Council and external legal advisors to understand its obligations regarding the Public Contracts Regulations 2015.
Human resources	Staff employed at Astley High and Whytrig Middle Schools will need to relocate to the new buildings on the Avenue site. It is not envisaged that this would have a detrimental impact on the staff involved in the change.
Property	The proposed investment will address all the complex backlog maintenance issues and risks to the council which are estimated to be in excess of £18m. The project will also enhance the current of sporting facilities which will also have a positive impact on the local community with facilities for sport and swimming being available outside of the school day.
The Equalities Act: is a full impact assessment required and attached?	Yes - required and attached Equality Impact Assessment has been undertaken, and is contained in Appendix 2 of the report.
Risk assessment	A full risk assessment has been carried for the project and is contained in the Appendix 3.
Crime and disorder	This report has considered Section 17 (CDA) and the duty it imposes and there are no implications arising from it.

Customer considerations	The proposals set out in this report are based upon a desire to act in the best educational interests of current and future children and young people in Northumberland.
Carbon reduction	NCC's approach to Carbon Reduction is set out in its draft Northumberland Local Plan. The Project considerations of Carbon Reduction are outlined within Section 4.4 of the OBC.
Health and wellbeing	This report has been considered by the Cabinet Member for Children's Services and the Chief Legal Officer.
Wards	Holywell, Seghill with Seaton Delaval and Hartley.

9. Background papers

None applicable.

10. Links to other key reports already published

Cabinet Report – 26th April 2022 – The Outline Business Case for the replacement buildings for Astley and Whytrig.

11. Author and Contact Details

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DATA PROTECTION IMPLICATIONS

In carrying out the development of the OBC set out in this report, the Council has acted in compliance with Data Protection Act 1998 via the Council's Data Protection Policy.

Specifically:

- Data gathered during this consultation process has been dealt with fairly - e.g. the responses from members of the public have been anonymised, whilst those responding within a public role have been identified e.g. Chairs of Governors, Dioceses and so on.
- The data and information gathered during Phase 1 and Phase 2 consultation has been used to assist in informing the recommendations set out in this report and will not be used for any other purpose, i.e. it will not be shared with another service area or any third party.
- The data and information gathered has been limited to that which would assist in informing the recommendations set out and those that will arise from this consultation.

The Council has set out how it deals with information received as part of consultation in the Council's Privacy Notice, at

<http://www.northumberland.gov.uk/About/Contact/Information.aspx#privacynotices>.