

The Award of Design and Construction Contracts for Education Projects Included in the Council's Approved Business Plan

- To: Children and Young People Committee
- Meeting Date: 1st March 2022
- From: Charlotte Black, Executive Director: People and Communities
- Electoral division(s): Longstanton, Northstowe and Over
- Key Decision Yes
- Forward Plan ref: KD2022/050
- Outcome: The Council's decision-making process will reflect the most recent governance advice received from the Monitoring Officer on the award of design and construction contracts over the key decision threshold of £500,000 for schemes previously approved as part of the Council's business plan.
- There will be an agreed basis for seeking the future authorisations required to award design and construction contracts annually alongside the Children and Young People Committee's annual review of the capital programme.
- The Council will have the required approval for the direct award of a design and construction contract for the delivery of the 2nd phase of the Northstowe education campus to secure the benefits of this approach as set out in the report.
- Recommendation: The Committee is recommended to:
- a) Approve the award of the pre-construction contracts and the design and construction contracts with a value over £500,000 for those schemes set out in Table 1 of the report.
 - b) Approve the direct award of the design and construction contract for Phase 2 of the Northstowe education campus to Kier construction and the supporting consultant team.

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1.0 Background

The Award of Design and Construction Contracts for Education Projects Included in the Council's Business Plan.

- 1.1 The Council's Business Plan (capital) was approved by full Council on 8th February 2022.
- 1.2 The education capital programme is reviewed and updated annually. It was considered by this Committee at its meetings on 19th October and 30th November 2021 and the outcome of that review is reflected in the Council's approved Business Plan (capital).
- 1.3 The value of the approved education capital programme over the five years of the Business Plan is £569m. In addition to programme budgets for schools' maintenance and minor works, early years sufficiency projects and pupil specific aids and adaptations to allow children with special educational needs (SEND) to attend mainstream schools, there are 35 individual school projects ranging in value from £1.4m to £55m.
- 1.4 These capital projects are delivered using the Council's Design and Build (D&B) contractor framework. The framework has been retendered and contractors appointed, following evaluation, in November 2021. The decision to re-tender was approved by CYP Committee on 10th November 2020 following the outcome of a market testing exercise and option appraisal. The full report can be accessed [on the meeting web page](#).
- 1.5 Under the project milestones in the design and build contractor framework the Council enters pre-construction services contracts at Milestone (MS)2 and construction contracts at MS4. The lowest value Lot on the framework is for works between £1m to £2.49m, therefore, all MS4 construction contracts will have a value of more than £500,000. On the larger value projects some, but not all, the value of the pre-construction services contract at MS2 will also be above £500,000.
- 1.6 Advice has been received from the Monitoring Officer that approval of individual contracts with a value of more than £500k is a key decision and, therefore, requires Committee approval. A key decision cannot be delegated to an officer. Although the individual capital projects in question are part of the approved business plan, it is the view of the Monitoring Officer that approval of the business plan exercises control of the Council's financial expenditure and allocates resources but does not constitute the approval of individual capital projects.

Direct Award of Design and Construction Contract for the Northstowe Education Campus

- 1.7 Kier Construction were appointed during the 3rd iteration on the Cambridgeshire D&B Framework to deliver the first phase of the new Education Campus for Northstowe following a competitive mini competition involving four other contractors on the same value lot.

The scheme comprised the provision of:

- Secondary School accommodation consisting of core facilities for a school with an eventual size of 12 forms of entry (FE)/1800 places with 4FE (600 places) of teaching accommodation.

- A 110 Place SEND Area Special School
- Community sports facilities
- Master-planning and outline planning approval for the whole of the site to align with the overarching Northstowe Design guide
- Provision of a site-wide energy centre to serve future operational needs

The brief also included future proofing of Phase 1 accommodation and associated infrastructure to enable appropriate adjacencies to be delivered in future phases of construction (for example, services infrastructure to allow general teaching to convert to science laboratories etc)

1.8 There is now a need to commission the next phase of development of the Education Campus. The project budget for Phase 2 allocated in the 2022/23 business plan is £21m. The brief is currently being developed with the Trust and wider stakeholder team but will broadly comprise the following:

- Provision of a Post 16 centre through extension of the main (Core) block
- Expansion of secondary school to 8 forms of entry (FE) including repurposing of existing general teaching to specialist teaching
- Provision of a 3FE (630 place) Primary School on land adjacent to the Area Special School

2. Main Issues

The Award of Design and Construction Contracts for Education Projects Included in the Council's Business Plan.

2.1. The number of education projects expected to reach contract approval stage during the current iteration of the capital programme is significant. These are set out in the table 1 below:

Table 1

Capital Project	Location by District	Works Description	Funding	Target MS4 Contract Date
Duxford Primary School	South Cambs	Fire reinstatement works	CCC	Apr -22
Cambourne Village College - Phase 3b	South Cambs	1 FE Secondary School expansion	s106	Apr-22
Fenland Social Emotional and Mental Health (SEMH) School	Fenland	New SEMH provision	CCC	Apr-22
Waterbeach Barracks First Primary School	South Cambs	New 3FE Primary School + 3 early years	s106	Aug-22
St Phillips Primary School	Cambridge City	Additional places and remodelling	S 106	Aug - 22

Capital Project	Location by District	Works Description	Funding	Target MS4 Contract Date
Alconbury Weald Secondary School and new Area Special School	Huntingdonshire	New 4 FE secondary and 130 place area special school	s106	Jun-22
Samuel Pepys Special School, St Neots	Huntingdonshire	Expansion to 165 places	CCC	Aug-22
Sir Harry Smith Academy, Whittlesey	Fenland	1 FE Secondary School expansion	CCC	Aug-22
Townley Primary School	Fenland	Additional Places and Mobile Replacement	CCC	Oct-22
Sawtry Primary School	Huntingdonshire	New 2FE Primary School + accommodation for early years and childcare	s106	Mar 23

2.2 There is a need to consider the most effective way of achieving the required level of Committee approval to enter contracts above the value of £500,000, in accordance with the advice of the Council's Monitoring Officer, across this significant programme of works. It is proposed that CYP Committee approve entering contracts for those schemes within the 2022/23 business plan (capital) that reach contract award stage within the 12-month period covered by the plan. In future reviews of the capital programme, this approval will be sought from the CYP Committee alongside the annual review of the programme, rather than through a separate report.

2.3 In providing this approval, it should be noted that:

- All schemes have been approved for inclusion in the Council's 2022/23 business plan (capital)
- Projects will only proceed to contract if they are within the budget allocation made in the business plan (capital)
- The schemes will be delivered through the Council's previously procured and tendered D&B contractor framework. The decision to re-tender this framework was taken by the CYP Committee in November 2020 having considered the outcome of a market testing exercise and option appraisal. The construction costs in the current framework have been established through the competitive tender process that followed this decision. Contractors were appointed to the framework as recently as November 2021 following the conclusion of this tender process and evaluation. The report considered by members in November 2020 is available on the [30 November 2021 meeting webpage](#).
- The projects will be designed and constructed in accordance with the output specification and benchmark costs, where there are national cost comparators available, approved by the CYP Committee in January 2021. The report considered by members is available on the [19 January 2021 meeting webpage](#).

- 2.4 Any individual scheme above £500,000 not meeting the above will be brought to the CYP Committee for approval before a design or construction contract is awarded. CYP Committee approval to enter into contract will also be sought for any scheme considered sensitive or controversial.

Direct Award of Design and Construction Contract for the Northstowe Education Campus

- 2.5 The D&B and Construction Framework referred to in paragraph 2.3 above makes provision for the direct award of contracts where it is considered there is an overall benefit to the authority to do so. Direct award can apply for justifiable reasons, but limited to emergency, urgency, continuity and/or phasing of construction projects.
- 2.6 The expansion of Northstowe Education Campus is strategically important to the Authority in ensuring that its corporate priorities (section 3) are delivered in this new town/community.
- 2.7 The design stage will require very significant input from the Cambridge Meridian Academy Trust (CMAT), which has responsibility for running and managing both the secondary school and the Area Special School (the Martin Bacon Academy), to align the new provision with their vision for teaching and learning. There will also be key relationships relating to planning and urban design to ensure that the secondary school contributes to creating a sense of place and creating an attractive place in which to live.
- 2.8 It is important to note that the secondary school expansion and new Post 16 provision also involves intrusive works to some of those delivered by Kier less than 3 years ago. There are obvious liability and warranty benefits in Kier's continued involvement in this element of the scheme.
- 2.9 It is considered that direct appointment of Kier for the works within the secondary school would offer the following benefits to the Authority and CMAT as the academy Trust and key stakeholder:
- Kier delivered phase 1 of the Northstowe campus for a contract value of circa £42m against a project budget of circa £45m. This demonstrates robust cost control on a complex scheme involving multiple stakeholders. Phase 1 cost information would be used to inform Phase 2 benchmarking of design development providing increased cost certainty. The costs in Phase 1 reflect framework rates which were, in themselves, set through a competitive tender process.
 - Kier successfully bid for the new framework. They scored highest overall. Their quality score was highest and their costs significantly lower than all other bidders. Officers are confident that direct appointment will provide optimum 1st and 2nd Stage cost benefit based on Kier's framework caps and their performance during Phase 1.
 - Kier understanding of the current scheme, site, planning constraints and CMAT's education approach would lead to efficiency in the design process, increased programme certainty. Reducing CMAT's time commitments during the design stage would allow them to focus on education and curriculum delivery of the existing students during unprecedented times.

- Kier have established, alongside County officers, strong working relationships with the Education Trust (CMAT) to ensure design responded to their vision for teaching and learning. South Cambridgeshire District Council (SCDC), in their capacity as community sports provider, and the overarching developer, Homes England. These relationships need to be sustained through the Phase 2 design of the campus development. CMAT have a strong preference for Kier and their design team to continue to deliver the scheme because of their knowledge and understanding of both site and user requirements. Feedback received during pre-contract, contract and post-contract phases has been exemplar.
- Kier have committed to provide the same personnel from their direct workforce (pre-contract and contract) and consultant teams who successfully delivered Phase 1 to provide the continuity and experience required to support high quality and timely delivery. Retention of the existing design team would also provide confidence from a planning perspective and continuity with key stakeholders including highways, the Design Quality Panel, urban design, and SCDC's planning case officers.
- the appointment of Kier will protect the Authority from potential legal/liability issues. If an alternative contractor is appointed to deliver Phase 2 any issues associated with liabilities and warranties for either phase become much more subjective. Retention of Kier means clarity of all responsibilities for both the Authority and CMAT.
- In the event of a latent defect Kier will have sole responsibility to resolve this under the contract terms. This is particularly relevant to the future proofing of services and infrastructure that has been installed in Phase 1. Key areas include main services to allow conversion of general teaching provision to science laboratories, the energy centre (intended to serve the whole of the Education campus) and site-wide drainage (sized and developed to suit future expansion). Complex interfaces exist including, access control, CCTV and the external envelope (structure and coverings (including flat roof)). A single point of responsibility which captures both design and construction liability is in the best interest of the Authority and CMAT to enable smooth running of the site.
- Kier and their design team have access to a range of site-specific information collated to inform the original design development. This information is warranted to Kier. Other contractors would need to collect this data to satisfy their own quality assurance procedures. Kier's reuse of existing surveys will ultimately be a saving to the Authority of circa £50k.
- The new provision is required to be operational for September 2024. Phase 1 was delivered utilising modern methods of construction to meet a challenging construction programme. Direct award would represent a 12-14wk programme saving on the alternative approach of running a mini-competition/tender process among the framework contractors on this Lot. Early appointment of Kier would also realise further time efficiencies due to their expert knowledge of the site and their established relationship with CMAT.
- Those time savings during the pre-contract period create flexibility in the contract

period, enabling decisions to be driven by cost benefits rather than time constraints. The benefits of a flexible approach have even greater relevance in a construction sector experiencing supply chain issues and where market intelligence reports suggest inflation could be as high as 7-9% in 2022.

In summary there is clear cost, time and quality benefit to the Authority and stakeholders in Kiers direct appointment to continue to develop the Secondary School and 6th Form elements of the campus.

3. Alignment with corporate priorities

3.1 Communities at the heart of everything we do

The following bullet points set out details of implications identified by officers

- Kier have an established relationship within the Northstowe community. During Phase 1 they attended and were integral to the Northstowe Community Forum alongside CMAT, SCDC and Homes England. Continuation of established stakeholder relationships within the developing community is recognised as beneficial.
- Following completion of Phase 1 Northstowe Education Campus received a prestigious national structural timber award as the outstanding Education Building 2021. This was widely celebrated by CMAT, Homes England and stakeholders.
- Feedback received throughout the course of delivery has been universally positive. The Northstowe Education campus has become a hub for both education and community activity in the true spirit of Henry Morris' vision. CMAT have embraced that vision and Kier have supported them to achieve their goals throughout.

3.2 A good quality of life for everyone

The following bullet points set out details of implications identified by officers:

- Providing sufficient and suitable school and early years places in good quality buildings will ensure that the full range of children's services can be more easily accessed by families in greatest need.
- Providing access to local and high-quality educational provision and associated children's services should enhance the skills of the local workforce and provide essential childcare services for working parents or those seeking to return to work.
- Schools and early years' education and childcare settings are also providers of local employment opportunities

3.3 The best start for Cambridgeshire's children

The following bullet points set out details of implications identified by officers:

- The Council has a statutory responsibility to ensure that every child whose parents want them educated in the state-funded sector is offered a school place. In addition, it has a duty

to secure sufficient and suitable early years and childcare places. The school building programme in our new and expanding communities delivers the infrastructure to achieve this.

- The original Northstowe Education campus involved several phased deliveries. Kier worked closely with CMAT to develop a robust strategy that ensured post occupation phases of work were completed without impact on teaching and learning of the school's first intake of pupils.

3.4 Net zero carbon emissions for Cambridgeshire by 2050

The following bullet points set out details of implications identified by officers:

- School buildings will be designed to comply with Cambridgeshire's policies on the climate emergency and targets for carbon reduction
- Suppliers to the proposed new Cambridgeshire design and build framework will be expected to meet a set of carbon emissions criteria and will be monitored throughout the duration of the framework as appropriate social value measures (KPIs) are developed.
- The Northstowe campus met, or exceeded, the sustainability agenda relevant at the time with a particular focus on use of sustainable materials. The incumbent designers have the necessary expertise and are well placed to deliver the scheme to meet the Council's enhanced sustainability targets included within its policies on the Climate Emergency by applying their current learning arising from design work on the Fenland SEMH school in Wisbech.

4. Significant Implications

4.1 *Resource Implications*

4.1.1 Approval to enter contracts to deliver schemes within the 2022/23 business plan (capital) is subject to them being within the project budget allocated. Project costs will be managed using the output specification and benchmark costs agreed in January 2021.

4.1.2 The potential financial benefits arising from direct award of the Northstowe Secondary School and 6th form are set out in section 2.9 of the report

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

4.2.1 The re-procurement of the contractor's Design and Build framework was undertaken in accordance with the Council's procurement rules.

4.2.2 Kier appointment to deliver Phase 2 meets the criteria for Direct Award in the latest iteration of the Design and Build contractor framework. Kier scored the highest for the new framework on all Lots. They were highest on quality and offered the lowest costs.

4.3 Statutory, Legal and Risk Implications

- 4.3.1 The proposal for Committee approval to award contracts with a value over 500K has been developed in response to advice from the Monitoring Officer.
- 4.3.2 The Council is required as part of the construction process to comply with all the requirements of the employer for capital building works. The contractors are scrutinised on their statutory compliance when being evaluated for participation on the Council's frameworks. Contractors' health and safety plans are scrutinised for each individual works contract awarded.
- 4.3.3 There are clear benefits from a contractual and risk perspective for Kiers continued involvement in the development of the Northstowe Education Campus based upon its level of performance during Phase 1 delivery.
- 4.3.4 Contract conditions are clearly defined at present and 3rd party involvement would represent a significant risk to service delivery resulting in an increased burden on CMAT and officer time in the event of a claim.

4.4 Equality and Diversity Implications

- 4.4.1 All accommodation to be provided via the proposed Design and Build framework must be compliant with the provisions of the Public Sector Equality Duty and current Council standards.

4.5 Engagement and Communications Implications

- 4.5.1 Significant levels of engagement and consultation take place with all schools and early years settings identified for potential expansion and further in the finalisation of the detailed design proposals. Individual schemes are also presented to local communities for comment and feedback in advance of seeking planning permission.

4.6 Localism and Local Member Involvement

- 4.6.1 Local Members are kept informed of planned changes to provision in their wards and their views sought on emerging issues and identified actions to address these.

4.7 Public Health Implications

If children and young people have access to local schools and associated children's services, they are more likely to attend them by either cycling or walking rather than through local authority-provided transport or car.

4.8 Environment and Climate Change Implications on Priority Areas

- 4.8.1 Implication 1: Energy efficient, low carbon buildings.

Status: Positive

Explanation: All major new build and expansion projects have been updated to include an assumption of costs to achieve nearly zero-energy buildings (NZEB) in accordance with the

targets set in the Council's policies on the Climate Emergency. Some of the proposals will result in renewable energy being generated on school sites.

Kier are well-placed as an experienced framework partner to deliver on these targets at Northstowe.

The first phase of the scheme achieved the Councils BREEAM criteria of Very Good.

4.8.2 Implication 2: Low carbon transport.

Status: Neutral

Explanation: Schools on new developments are located to be accessible by walking and cycling. Where families express a preference to attend a school outside their catchment they are encouraged, where possible, to travel by sustainable means including public transport.

Phase 1 of the Northstowe campus was delivered in accordance with overarching development policies. Kier produced transport and travel plan data in response. This will be updated to reflect the sites increased capacity.

4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats, and land management.

Status: Neutral

Explanation: Impacts will be specified to each project, however all planning applications for the new build and expansion projects will, as appropriate, include landscape designs and will be in line with planning policy to create some green space. Any trees removed and replanted as part of site clearance will be addressed through the planning application process and will be in line with current policy.

4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Status: Negative

Explanation: Impacts will be specified to each project; however, the construction process will generate some unavoidable waste; however, this will be minimised as far as possible and robust waste management strategies implemented throughout the construction process.

Phase 1 of the Northstowe Education campus was required to meet waste management criteria set by the developer (Homes England). Phase 2 will be required to meet the same.

4.8.5 Implication 5: Water use, availability, and management:

Status: Positive

Explanation: Kier Phase 1 proposals for Northstowe focused on key BREEAM Credits to optimise benefit in use to CMAT. Water and Energy credits achieved BREEAM Excellent.

4.8.6 Implication 6: Air Pollution.

Status: Neutral

Explanation: n/a

Phase 1 of the Northstowe Education campus adopted modern methods of construction with a focus on off-site fabrication of component parts. Phase 2 will follow a similar theme. As a leading provider of education provision Kier are at the forefront of best practice initiatives to reduce the impact of construction activity. At Duxford Primary School, for example, Kier will utilise electric telehandlers instead of traditional diesel plant to reduce both noise and air pollution impacts.

4.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.

Status: Neutral

Explanation: Any new school proposal is designed to deliver education provision in the local community but will also facilitate community activities e.g., sport and other activities by community organisations through the school's letting policy. The services provided are not specific to climate change, however local provision makes access easier. On balance, the impact on this implication is neutral

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Martin Wade

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? Yes

Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes

Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact?

Yes

Name of Officer: Jonathan Lewis

Have any engagement and communication implications been cleared by Communications?

Yes

Name of Officer: Simon Cobby

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes

Name of Officer: Jonathan Lewis

Have any Public Health implications been cleared by Public Health?

Yes

Name of Officer: Raj Lakshman

If a key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer?

Yes

Name of Officer: Emily Bolton

5. Source documents guidance

5.1 Source documents

1. County Council Business Plan 2022/23
2. Capital Project Pipeline Report
3. Design and Build Contractor Framework Documents
4. Northstowe Project Documentation including MR to comment or list????
5. Specification and Standards for School Buildings (CYP Committee – January 2021)
6. Re-procurement of a Cambridgeshire D&B Contractor Framework (CYP Committee – November 2021)

5.2 Source documents available on request from ian.trafford@cambridgeshire.gov.uk

6. Accessibility

6.1 An accessible version of this report is available on request from ian.trafford@cambridgeshire.gov.uk