
BROOMLANDS AND LANGLEE PRIMARY SCHOOLS – PROJECT UPDATE

Report by Service Director Assets and Infrastructure

EXECUTIVE COMMITTEE

16 AUGUST 2016

1 PURPOSE AND SUMMARY

- 1.1 This report proposes to provide an update on the progress and procurement of the new Broomlands and Langlee primary schools.**
- 1.2 New builds for Broomlands and Langlee were approved by Executive Committee on 21 October 2014 as part of linked funding commitment associated with the new Kelso High School.
- 1.3 Stakeholder engagement and design work was completed by September of 2015, including all necessary statutory consents. Procurement of a contractor took place during the remainder of 2015 and early 2016.
- 1.4 Tender returns in January 2016 combined with timing movements to the 2016/17 Capital Financial Plan necessitated a resequencing to the projects. This process is now complete allowing both schools to move to construction. The above requires timing movements and virements to budgets to be approved as outlined in this report.

2 RECOMMENDATIONS

2.1 It is recommended that the Executive Committee:

- (a) Note the contents of this report.**
- (b) Approve the virement of £1.007M from Langlee to Broomlands in 2017/18 and a virement from Langlee of £0.101M to Emergency and Unplanned Schemes Fund in 2017/18.**

3 BACKGROUND AND PROGRESS

- 3.1 As a result of the change to the external Scottish Government funding to the new Kelso High School, the Executive Committee approved a new Broomlands PS and an accelerated new Langlee PS on 21 October 2014. At that time Broomlands was estimated at £8.3M and Langlee at £12.2M (as at Q2/2016 prices). At the Scottish Government's request, the Council agreed to use demonstrable efforts to have Broomlands PS complete by March 2017, with Langlee PS delivered by December 2017.
- 3.2 Stakeholder engagement to develop a design brief for these schools was completed during the remainder of 2014 and an initial design team was engaged early in 2015. The concept designs for both schools was developed at that time and the appointment of a wider design team allowed a detailed design to be developed during the summer of 2015. Both schools have been prepared by the same design team so as to identify efficient commonality of internal layout, detailing and specification.
- 3.3 As a recognition of the bundling of the projects and of the cost pressure on Broomlands associated with its smaller respective size, a virement of £0.386M from Langlee to Broomlands PS was agreed by Executive Committee on 18 August 2015.
- 3.4 Planning consent was granted for both schools during the Autumn of 2015 allowing the start of a procurement process. Given the commonality of detailing and likely construction programme, the procurement was managed as a single contract notice with two 'Lots'. The procurement strategy was developed using a 'design and build' principle so that design and quantity risk is transferred to the contractor. This means that the procurement takes longer to allow the tenderers to understand these risks.
- 3.5 Tenders were returned in January 2016. Only 2 of the invited 5 bidders returned tenders to the Council. Both tenders were significantly higher than the pre-tender estimate developed by the Council's design team. In addition, the Capital Financial Plan, as agreed by Council on 12 February 2016, identified that a phased delivery over 2 financial years was required.

4 DELIVERY STRATEGY – LANGLEE PS

- 4.1 As a result of discussions with Senior Officers during February and March 2016, a revised delivery strategy was agreed. This revised strategy would see Langlee PS, being the larger capital value project of the two, progress to contract award first. This would legally commit the contract costs, including inflation, and allow the Council to work towards the March 2017 commitment to the Scottish Government, albeit for Langlee PS rather than Broomlands PS.
- 4.2 Contract clarifications, including revisions to the tenders to ensure that the project could be seen as providing value for money were completed during March 2016 to allow a contract award and commencement of construction on site. The Contract Award to McLaughlin & Harvey was able to be made within the existing budget position and Member approval for the project.

- 4.3 Construction start on site in April 2016 together with an agreed contract duration of 55 weeks will see completion of the new build by May 2017. This is marginally later than that requested by Scottish Government. It is noted in this report that the project team have made the Scottish Government aware of this delivery date. No formal concerns have been raised by Scottish Government. Completion of the new build by May 2017 will allow the school to be open, the old school to be demolished and external works completed. It is programmed that this will be achieved by December 2017.
- 4.4 Commencement on site in April 2016 has resulted in a requirement for a forward timing movement of budget from 2017/18 to 2016/17. The project team will monitor construction progress and the contractor's cashflow and invoicing during 2016 and provide further reporting to Executive Committee as part of normal capital monitoring.
- 4.5 In addition, value for money review work during the early construction phase for Langlee PS, has allowed further savings to be identified and the scope of this work has been varied out from the Contract. This has generated an additional saving of £360K.
- 4.6 Overall, the forecast outturn cost of the project now can be reported as;

| | |
|--|--------------------|
| Construction Contract (including novated design team fees) | £9,765,518 |
| Post Contract Saving | -£360,000 |
| Design and Project Management costs | £587,970 |
| Associated Project Costs | £304,840 |
| Construction Contingency | £300,000 |
| Total | £10,598,328 |

This can be seen as representing an overall saving of **£1.108M**.

5 DELIVERY STRATEGY – BROOMLANDS PS

- 5.1 So as to preserve the overall year-on-year budgets for the bundled projects, the contract award and commencement on site of Broomlands PS has had to be held back until later in the year. At this stage it is intended that Broomlands PS will commence on site around September 2016.
- 5.2 In addition, the value for money challenge for Broomlands following the tender returns in January 2016 has been greater. A significant amount of work has taken place between the contractor, the design team and colleagues in Children and Young People to get to a position where the current tender submission is brought closer in alignment to the pre-tender estimate. This process was initially held pending the contract clarifications on Langlee but has now drawn to a close. A revised tender from the preferred bidder (McLaughlin & Harvey) was purified during July 2016.
- 5.3 The overall outturn costs of the project can now be reported as;

| | |
|--|-------------------|
| Construction Contract (including novated design team fees) | £8,551,257 |
| Design and Project Management costs | £534,260 |
| Associated Project Costs | £296,183 |
| Construction Contingency | £300,000 |
| Total | £9,681,700 |

5.4 This can be seen as representing a cost pressure of **£1.007M**. It is noted in this report that Broomlands has reduced in size by the reduction of 2 classrooms and external, but non-material planning changes have had to take place so as to achieve the revised construction contract value identified in 5.3 above.

5.5 Subject to the cashflow for Langlee PS, it is envisaged that award and commencement on site will take place around September or October 2016. With a 55 week construction programme, this will see the new build complete by October/November 2017 and, like Langlee, the demolition and finishing off works will take the project through to May 2018.

6 IMPLICATIONS

6.1 Financial

(a) The Executive Committee approved a new Langlee and Broomlands PS with a combined capital budget of £20.5M in October 2014. The design, consents and procurement stages for both projects have now been completed.

In addition to the virement identified to Executive Committee in August 2015, a separate report presented to this meeting on the Monitoring of the Capital Financial Plan 2016/17 advised of a £0.05M virement from each school to part fund Sluice works in care homes.

(b) A further virement of £1.007M in 2017/18 is required from Langlee to Broomlands to allow this school to proceed to contract award.

(c) Given the budget saving identified within the Langlee project, the remaining balance of £0.101M is returned to the Emergency & Unplanned Schemes fund for 2017/18.

| | Previous spend | 2016/17 | 2017/18 | 2018/19 | Total |
|--|----------------|----------------|----------------|------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Langlee Primary School | | | | | |
| - Current Budget (after Sluice virement) | 588 | 6,966 | 4,152 | 0 | 11,706 |
| - Projected Budget | 588 | 7,079 | 2,929 | 2 | 10,598 |
| Variance | 0 | 113 | (1,223) | 2 | (1,108) |
| Broomlands Primary School | | | | | |
| - Current Budget (after Sluice virement) | 552 | 6,799 | 1,324 | 0 | 8,675 |
| - Projected Budget | 552 | 3,526 | 5,227 | 377 | 9,682 |
| Variance | 0 | (3,273) | 3,903 | 377 | 1,007 |
| Savings | | | (101) | | (101) |

6.2 Risk and Mitigations

- (a) All consents and permissions required to commence construction have been secured. The changes made to both schools as a result of the tender returns in January 2016 have been identified as non-material to the planning consent granted in 2015.
- (b) There are no land related risks associated with these two projects.
- (c) There is no statutory consultation process required under Education legislation given that the new builds are both within the existing school boundary.
- (d) There is a construction risk associated with each project. A construction contingency of £0.3M is being retained on each project to deal with changes that may have to be made and for which the Council retains responsibility. This is in addition to the Contractor's risk transfer for design, workmanship and construction coordination. A further return of this contingency to the Emergency and Unplanned Schemes fund is capable of being made at the appropriate stage in the construction contract.

6.3 Equalities

There are no Equalities or Diversity issues associated with this report

6.4 Acting Sustainably

There are no direct economic, social or environmental issues with this report.

6.5 Carbon Management

There are no direct carbon emissions impacts as a result of this report.

6.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

6.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Delegation are required as a result of this report.

7 CONSULTATION

7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR, and the Clerk to the Council have been consulted and their comments have been incorporated into the final report.

7.2 The Corporate Equalities and Diversity Officer and the Corporate Communications Unit have been consulted and their comments have been incorporated into the final report.

Approved by

Service Director Assets and Infrastructure **Signature.....**

Author(s)

| Name | Designation and Contact Number |
|----------------|--------------------------------|
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Background Papers: None

Previous Minute Reference: Executive Committee, 21 October 2014
Executive Committee, 18 August 2015

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