



Havering
LONDON BOROUGH

This Report is part exempt and Appendices A and B are not available for public inspection as they contain or relate to exempt information within the meaning of paragraph [no/s] of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to commercially sensitive information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

CABINET

Subject Heading:

Award of a Pre-Contract Service Agreement to develop the designs for the new Balgores Special School

Cabinet Member:

Councillor Oscar Ford, Cabinet Member for Children's Services

Councillor Paul McGeary, Cabinet Member for Housing and Property

ELT Lead:

Neil Stubbings, Strategic Director of Place

Report Author and contact details:

Nicola Lorenzo Prandini RIBA

Nicolalorenzo.prandini@havering.gov.uk

01708 432142

Policy context:

Supports educational outcomes within the broader opportunities' context of the Havering Vision.

Financial summary:

This is a post Stage 1 tender award of a PCSA contract for the price of £ 2,328,096 to Galliford Try Ltd.

Is this a Key Decision?

Yes

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When should this matter be reviewed? October 2024

Reviewing OSC: Full Overview and Scrutiny Board

The subject matter of this report deals with the following Council Objectives

- People - Supporting our residents to stay safe and well
- Place - A great place to live, work and enjoy
- Resources - Enabling a resident-focused and resilient Council

SUMMARY

This report details the procurement process to appoint a developer to design and offer firm price for the delivery of the new Special School on the Balgores Field on Balgores Ln, Gidea Park, Romford RM2 6BS, to provide Havering resident children with special educational needs with the educational care they require. Details are provided of the financial (capital) implications of the project and a master programme is also given, to identify where this report sits within the larger governance pathway associated with this development.

RECOMMENDATIONS

To agree to

1. award preferred bidder status for a 2 stage construction contract for the construction of Balgores Special School to Galliford Try Ltd; and
2. award Galliford Try Ltd a stage 1 Pre Contract Service Agreement (PCSA) for the development of the designs associated with the new school at a value of 2,328,096.

To note that:

1. The PCSA contract length is anticipated at 51 weeks.
2. Following completion of services under the PCSA, a further report will be brought to Cabinet with a recommendation for award of a construction contract at Stage 2.

REPORT DETAIL

Wider context to this decision

The proposed new school should be aligned with the Children and Young People Education Place Planning Plan 2023 -2027. This is a four-year rolling plan that is updated annually. It sets out how Havering Council seeks to ensure there is sufficient capacity to meet demand for early years, primary, secondary, post-16, special school places and alternative provision places across the borough. Furthermore, the ethos of the new school should be shaped by Havering's Draft SEND and Alternative Provision Strategy (final version to be published, March 2024) which emphasises the local authority's vision to:

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1. Build parent and carer confidence in the local SEND and Alternative Provision system, through systematic co-production at all levels from EHCPs to service development.
2. Work in partnership across education, health and care to deliver the right services at the right time, to prevent problems escalating through early intervention and early help.
3. Ensure that when new provision and support is created, that Health, Education, and the Local Authority share responsibility to ensure that high quality support is in place for children, young people, and families when and where they need it. This will be enhanced by our emphasis on quality assurance through Delivering Better Value, including our strength based peer review model.
4. Ensure children and young people with SEND can access the help and support they need to thrive and achieve within their local communities. They can go to local education provision that meets their needs, access services and play an active role in the community close to where they live.
5. Give families easy access to information which helps them understand how best to support their child or young person's needs and access the help that is offered. This will include co-producing an improved website and local offer to diversify usage.
6. Ensure children, young people, and families have access to the same level of high-quality support and education, wherever they live in Havering.

Approvals for this scheme

Approval for the development of a new Special School at Balgores was agreed by the full Council in its meeting in November 2023.

The proposal to develop a new Special School is expected to have several positive outcomes, including but not limited to:

- a. To improve the health and wellbeing of Havering resident children who need not be transported out of Borough (sometimes over long distances) to get their special education;
- b. To lower the revenue costs associated with special education for Havering resident children (including transportation cost).

The process including the procurement process has been managed by the Balgores Special School Project Board (BSSPB) of offices, who have also brought in the services of an external Project Management firm, Playle and Partners LLP.

Approval to tender and Procurement strategy

The procurement strategy for this development, which has been agreed by the SPU and by the Gateway Review Group, is to carry out a two-stage tender exercise for

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the appointment of a design and build developer via a National framework (Southern Construction Framework).

Approval for the commencement of this tender exercise was agreed on the 12.02.2024, and subsequently another decision was made on the 14.03.2024 to change the weightings applied to the tender scoring.

Procurement report

The tender exercise provided no.4 compliant offers, which were evaluated for quality, compliance and commercial soundness.

Upon completion of the Stage 1 of the tender, this was reported to GRG (Gateway Review Group) who signed it off recommending approval.

Details of the four bids (including company names of the bidders) are included in exempt Appendix A.

Outcome of the tender exercise

In conclusion of the tender exercise, it is recommended that a PCSA contract is awarded to **Galliford Try Ltd** who ranked first in the ranking of the tenderers and who offered £ 2,328,096 for the cost of the PCSA.

Nature of the PCSA contract

A Pre-Contract Services Agreement (PCSA) is a contractual arrangement between a client and a contractor that outlines the terms and conditions under which the contractor will perform preliminary services before the main construction contract is signed. These services typically include activities such as design development, cost estimation, scheduling, procurement planning, and securing necessary approvals.

The PCSA helps to ensure that all preparatory work is completed efficiently, reducing risks and potential delays once the full project commences. By clearly defining the scope, timeline, and payment terms for these early-stage tasks, a PCSA fosters a collaborative environment and establishes a foundation for a smoother transition to the main construction phase.

Contract outcomes

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During the proposed contract the developer will develop the designs, in dialogue with the end user (the School Trust) and under the direct supervision of the BSSPB and its appointed project managers and will produce a submission to planning and a fully priced firm tender (which will be subject to a further award report).

It is to be noted that the contractual outcomes of the PCSA will remain property of the London Borough of Havering who could, in the unlikely event of a Stage 2 mis-tender, decide to appoint a different developer to construct these designs.

Risk profile

As with any contractual undertaking, the Council entering into a Pre-Contract Services Agreement (PCSA), faces several risks. The three main ones include:

Financial Risk: There is the possibility of cost overruns or unforeseen expenses arising during the pre-contract phase. *Mitigation:* We have the ability to undertake (and have made a PCSA Programme allowance for) a Value Management / Value Engineering Workshop to get the Works within Budget. The Contractor also has multiple Client Engagement Meeting arranged during the PCSA Programme to work up the design (and identify cost creep). We also will have regular Meetings (during the PCSA Programme) iterating the same. The Stage 2 pricing submission will also be open book with 3 quotes per package to be substantiated to demonstrate value for money (this process is in line with Government Guidelines for 2 stage procurement). We also have no obligation under the PCSA to appoint Galliford Try to proceed into and under the Main JCT Design & Build Contract so LBH can terminate the PCSA and will only be liable for the costs of works completed at the time of termination as per the PCSA clauses. LBH-BSSPB has also ensured that detailed cost estimations are in place and has included provisions for cost recovery if the main contract is not awarded.

Scope Creep: Without clear and precise definitions of the scope of work, there is a risk of scope creep, where additional tasks and requirements are added incrementally. *Mitigation:* LBH-BSSPB has created well defined scope of works and services associated with this project.

Contractor Performance Risk: The quality and timeliness of the contractor's performance during the pre-contract phase are critical. If the contractor fails to deliver satisfactory work or meet deadlines, it can disrupt the project timeline and affect the quality of the preparatory work. *Mitigation:* LBH-BSSPB has assessed the competency and resource availability of the bidders and it has found them capable to perform.

The Project Board and Team maintains a live risk register and a change control procedure to monitor and manage the risks above and all the other project associated risks.

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Master programme

For information, the following master programme for this project is given as follows:

Activity	Completed on
This cabinet report signed off	18.10.2024
Call-in period	26.10.2024
Contract award (PCSA)	27.10.2024
Design development	28.10.2024
Planning Application	02.10.2025
Anticipated Planning Decision	02.01.2026
Confirmation of Fix Price Tender (end of Stage 2)	01.09.2025
Cabinet report signed off	28.10.2025
Cooling off period	05.11.2025
Contract Award (D&B)	01.12.2025
Mobilisation to site	27.01.2026
Contract works finish	28.06.2027
School in occupation	September 2027

REASONS AND OPTIONS

Reasons for the decision:

The principal reason for the decision detailed in this report is the tender exercise outcome, which clearly indicated that Galliford Try Ltd is to be awarded the contract.

Other options considered:

Re tender Re tendering for these same services is unlikely to generate any significant savings. On the other hand it is going to create a substantial delay on the preparation of the building plans etc. and therefore delay the overall completion of the school building project. This option is therefore rejected.

Do nothing Doing nothing would fail to appoint a developer and this means that no new special school will be constructed. This is to the detriment of the Havering resident children with special educational needs (who will need to keep on travelling for out-of-Borough education) and of the Council who would need to support the revenue costs associated with this. This option is therefore rejected.

IMPLICATIONS AND RISKS

Financial implications and risks:

The outcome of the tender exercise (Stage 1 of 2) is the following:

Cost to appoint Galliford Try Ltd under a PCSA: £ 2,328,096.

Please note that the selection of the Contractor is here based on their overall ranking for the totality of the works, which is the subject of the two stage tender exercise. By determining that Galliford Try are the most economically advantageous tender (MEAT) bidder for the whole works, the Council has equally determined that they would be the most suitable contractor to carry out the PCSA.

It is not envisaged that this PCSA cost will be exceeded.

The capital cost implications of the whole project are given for information only and are detailed in the schedule below:

	Pre Tender	Post Tender
	Estimate	Actuals
Contract works	£ 33,010,000	£ 31,388,548
PCSA	£ 400,000	£ 2,328,096

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Contractor's design fees	£ 1,100,000	(included above)
FF&E and ICT	£ 600,000	£ 600,000
Professional fees and surveys	£ 490,000	£ 490,000
Risks, contingencies and inflation	£ 3,400,000	£ 4,000,000
Total project cost	£ 39,000,000	£ 38,806,644

All of which will be covered within the approved budget (cost code C41160) which has been approved for this project, at the Full Cabinet meeting on the 8th November 2023. This funding is Basic Need which the Department for Education has granted to London Borough of Havering for the establishment of school places.

During the development of the PCSA the appointed contractor will develop a firm price which will if successful, constitute the basis of the appointment of a Design and Build contract to construct the new Special School. This will be subject to a separate post Tender (Stage 2) award report and decision.

The new Special School is expected to produce revenue cost reductions in out-of-Borough SEND education and the transport used for anticipated future pupil placement demand.

Legal implications and risks:

Local Authorities should have regard to sections 13, 13A and 14 of the Education Act 1996 which require local authorities to ensure efficient primary, secondary and further education are available to meet the needs of the population of their area. The provision sought will be targeted to those identified with needs as assessed under Children and Families Act 2014.

The Council must ensure that there are sufficient schools for providing primary and secondary education in its area, which must be sufficient in number, character and equipment to provide for all pupils the opportunity of appropriate education, in accordance with section 14 of the Education Act 1996. The Council is making a decision to procure a contract for building works for that purpose.

The Council has the general power of competence under section 1 of the Localism Act 2011 to do anything an individual may generally do. The contract may be procured in accordance with these powers.

Additionally, the Council has the power to procure the contract under Section 111 of the Local Government Act 1972 which, permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

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The total value of the 2 stage contract is above the Public Contracts Regulations threshold for Works. Award of preferred bidder status is caught by the full PCR 2015 regime. The Southern Construction Framework is a PCR2015 compliant framework which Havering, as a London based contracting authority may use. Award of the contract is therefore PCR2015 compliant.

For the reasons set out above, the Council may award preferred bidder status for construction of Balgores Special School to Galliford Try Ltd. and enter into a PCSA with Galliford Try Ltd. for the first stage of the two stage construction contract.

Human Resources implications and risks:

There are no Human Resources implications associated with this decision.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

Health and Wellbeing implications and Risks

There are no direct Health and Wellbeing implications associated with the recommendation for the award of pre-contract service agreement associated with the new Balgores Field Special School to Galliford Try Ltd.

In the context of the increasing SEND school provision within the borough, steps to progress with delivery of the Balgores Field Special School will contribute to future

health and wellbeing benefits for residents, by enabling more children to access specialist provision closer to home, reducing impacts of potentially lengthy travel to out-of-borough provision on pupils, parents and carers.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

In general

The project subject of this relates to improving building efficiency within the educational asset portfolio and delivers a modern and efficient facility which is more efficient and more environmentally friendly than the rest of the educational portfolio.

The following sections outline the environmental and climate change considerations that have been addressed as part of the building design and procurement of the construction contract which is subject to the present report. This has been divided into design considerations and contractor selection considerations.

Design element

The proposed appointee has demonstrated an outstanding level of knowledge and experience in delivering BREEAM excellent and net zero carbon in operation (NZCiO) projects, following all the best guidance available on the subject (including the ones issued by LETI). As part of the Employers Requirements for the PCSA the Council has made its ambitions known and the proposed developer has demonstrated their understanding and their capacities of taking these challenges on and delivering a modern, sustainable and beautiful learning environment for Havering resident children with special learning needs.

Procurement element

As part of the tender exercise, tenderers have been asked to produce their environmental credentials, and have been evaluated on this basis, along with other technical queries. In particular, tenders have been evaluated in relation to their response to waste management, energy and carbon footprint questions

All tender responses have been evaluated carefully and the winning tenderer, which this report proposes to award the contract to, has fully demonstrated their understating of all the issues under hand, and they have demonstrated proactive, above and beyond commitments and practical steps taken to improve their environmental policies and practices and to reduce site waste and operational carbon emissions.

Lastly, as part of the Council's commitment to go paper free, the tender exercise, which some years ago would have resulted in huge amounts of paper being produced, has been moved online and it is now a fully digitalised exercise.

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BACKGROUND PAPERS

Appendix A tender report (commercially sensitive)

Appendix B Playle & Partners Tender report (commercially sensitive)