

WARDS AFFECTED: ALL WARDS



FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

CABINET

29 JANUARY 2001

**EXCELLENCE IN CITIES INITIATIVE
PROPOSALS FOR CITY LEARNING CENTRES**

Report of the Director of Education

1 Purpose of Report

To advise members of progress to date and seek the necessary authorisation to implement the proposals.

2 Summary

The City Council's bid for inclusion in the Government's 'Excellence in Cities' initiative was approved by the DfEE in July 2000. Work on provision for the Gifted and Talented, Learning Mentor Centres and Learning Support Units has already begun in schools. The City Learning Centres and the linked learning grid – 'Leicester on line' are a strand in the 'Excellence in Cities' work.

Proposals for two learning centres at Beaumont Leys School and Crown Hills Community College (and the associated ICT Network linking them with schools and other centres) have been developed in close consultation with schools. Detailed proposals were submitted to DfEE in December 2000 and have been formally approved, releasing £2,400,000 of funding for the project.

DfEE wishes to see the centres open 'from September 2001' which sets the Council an extremely challenging programme. A 'fast-track' process that will minimise the time required to design and construct the centres is proposed. Central to the process is the formation of a partnership with a contractor, enabling a design to be developed jointly and a contract price to be negotiated. This will require a waiver of the Council's contract standing orders.

3 Recommendations

3.1 Cabinet is recommended to approve the following matters of principle:

- (a) The concept for 'Leicester on line' including the two Learning Centres and the hub and spoke arrangement.
- (b) The outline design proposals for the learning centres at Beaumont Leys School and Crown Hills Community College
- (c) The expenditure of up to £2,400,000, to cover start up costs, construction costs, design fees and furniture and equipment. This expenditure to be funded from government grant.
- (d) The proposal for the procurement of the centres and in particular the proposals to enter into a partnering arrangement with a suitable contractor and to negotiate a contract price.
- (e) A waiver under Standing Order 82.2 (allowing the contract to be negotiated without competitive tenders)

3.2 Cabinet is recommended to delegate authority to the Director of Education to determine the following matters of detail, in consultation with the Cabinet Member with responsibility for Education:

- (a) The detailed development of the 'Leicester on line' concept
- (b) The detailed design for the two learning centres
- (c) The detailed breakdown of expenditure within the overall budget of £2,400,000
- (d) The appointment of consultants as required, using the Council's usual procedures, to carry out the design and supervision of the works.
- (e) The selection of a suitable partnering contractor
- (f) The negotiation of a contract price for the building works
- (g) Instructions to the Council's Head of Legal Services to enter into a contract with the selected contractor, subject to a mutually acceptable contract price being agreed

4 Financial and Legal Implications

The capital cost of the scheme (up to £2,400,000) will be fully funded by grant. Funding is also to be received to meet the running costs.

The arrangements will require the grant of a waiver from Standing Orders under Standing Order 82.2. Members will need to be satisfied that, in granting such a waiver, the Council will nonetheless obtain value for money from the contract.

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Leicester
City Council

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SUPPORTING INFORMATION

1 Background to Excellence in Cities

1.1 Excellence in Cities is a DfEE initiative. Its objective is to raise the achievement of City school pupils, make City schools prestigious places and to build collaboration across City education providers. Its aim is to ensure families perceive education standards to be excellent in cities. The Council was invited to bid for funding under the initiative in May 2000. The bid was accepted in July 2000 and the Gifted and Talented, Learning Mentor Centres and Learning Support Unit work has begun in schools. City Learning Centres and the linked learning grid – ‘Leicester on line’ are a strand in the Excellence in Cities work.

2 Proposals for ‘Leicester on Line’ – The Linked Learning Grid

2.1 The aims and objectives of ‘Leicester on line’ are as follows:

- To enhance learning and raise standards of achievement across the City
- To provide a hierarchy of learning opportunities, both virtual and actual, for individual pupils, teachers and members of the community
- To deliver outreach services for all the City’s Secondary Schools
- To act as test beds for innovation and new ways of teaching and learning
- To actively seek out and disseminate best practice
- To act as a link to other facilities and opportunities; locally, nationally and internationally

- 2.2 The aims of 'Leicester on line' will be achieved through the provision of two City Learning Centres and a hub and spokes ICT Network arrangement. The CLCs will act as hubs and all Secondary Schools will act as spokes. All schools and particularly those with beacon and specialist status will be expected to contribute their expertise and strengths to the CLCs in terms of content and coursework development across the curriculum. It is also planned to connect the network to other local centres of excellence including the National Space Centre and local universities.
- 2.3 The specific contribution of the two City Learning Centres may be summarised as follows:
- They will be the centres of the City's ICT network for schools, repositories for teaching resources and places where master classes can be delivered from;
 - They will be places where teachers can receive in-service training and where they can go to work collaboratively with colleagues from other schools;
 - They will be places with specialist ICT applications, the like of which cannot be provided economically by individual schools;
 - They will act as centres for dissemination of good practice originating locally, nationally and internationally; and
 - They will be facilities that will be available to local communities outside of school hours.

3 Design Proposals for City Learning Centres

3.1 The sites

- The centres will be situated at Beaumont Leys School and Crown Hills Community College;
- The centres will be within the school grounds but will be separate buildings. Use of the centres by other schools or the general public will not disrupt normal work in the host schools. The centres will have separate entrances;
- The centres are not expected to have a significant traffic impact. Some additional car parking will be provided for minibuses and visiting staff; and
- The centre will be linked to the main school by secure, well-lit footpaths. Access routes to the host schools will be securely screened when the schools are closed.

3.2 The buildings / Architecture

- The total floor area of each building will be about 500 sq. M.;
- The purpose is of the CLCs is to deliver high quality educational and communication services, and the architecture will reflect this purpose through imaginative and innovative design solutions. They will look modern and lively. Entrance areas will be visible, capacious and welcoming. Finishes will be similar to those associated with an office building. Traditional construction materials will be used (i.e. not prefabricated buildings);
- It is important that the centres do not present themselves as intimidating, particularly to community groups that may be susceptible to social exclusion;
- The design of each building will be sympathetic to its surroundings and will therefore be unique in some respects. However, the centres will have an element of 'branding' by colour, particular features, signage, etc dependent upon their "theme" and their areas of curriculum focus; and
- It is anticipated that the buildings will be single-storey.

3.3 Security

- Sophisticated computer equipment is an established target for criminals and the CLCs will be designed to minimise this risk without resorting to crude elements such as window bars. Layouts will be reasonably compact, minimising re-entrants that provide hiding places. Ideally, all public access will be via a single entrance that will be continually staffed during opening hours and securely screened at night. Fire exits will be alarmed and / or covered by CCTV.

3.4 'Green' Architecture

The buildings will be designed to high environmental standards, with excellent insulation and low energy use. Materials will be recycled, recyclable or from sustainable sources.

3.5 Access for Disabled People

- The sites and the buildings will be fully accessible to disabled users including wheelchair users and users with visual and hearing disabilities. Adequate provision will be made for drop-off points and dedicated disabled parking.

3.6 Early Design Proposals

Included in Appendix A to this report is a reduced scale copy of the initial proposals developed for the Learning Centre at Beaumont Leys. These proposals are not finalised and are included in this report merely as an aid to visualising the concept.

4 Budget

- 4.1 The funding available for the two CLCs is £2,400,000. At this stage in the development of the design, it is not possible to give an accurate breakdown as to how this funding will be used. The following may be used as a guide:

Start-up costs (salaries prior to opening, etc.)	£ 60,000
General consultancy fees	75,000
Building costs	1,300,000
Design fees	195,000
Furniture, IT Equipment, etc	<u>770,000</u>
Total	£2,400,000

The amounts to be allocated to each budget head will be determined more accurately as the detailed proposals are developed.

- 4.2 The DfEE provides funds for running costs up to £220,000 per annum for each centre from September 2001 up until March 2004. The projected running costs have been estimated and are expected to be within these limits. There is no commitment to provide funding after March 2004. If funding ceased, the running costs would need to be covered by charges to schools using the centres. In addition, it is proposed to explore commercial opportunities such as hire for conferences, training and corporate functions.

5 Programme

- 5.1 The Government wishes to see the centres open from September 2001. In addition, targets for improved attainment are based on the centres providing substantial support to schools from the Autumn Term 2001. The programme for the design and construction of the centres is therefore extremely challenging. In the past, the Council has almost invariably used traditional procurement methods for construction contracts whereby an Architect designs the scheme in detail and tenders are obtained from contractors on the basis of the lowest price. The estimated period to design and construct using the traditional method is 52 weeks, meaning the centres would not be available for use until December 2001 at the earliest. It is possible, under optimum conditions, to devise a programme that will enable the centres to open in the Autumn Term. The programme for Crown Hills is extended due to other proposals for the school site that need to be integrated into the planning process.

The current outline programme for the design and construction of the centres is as follows:

Activity	Programmed date (w/c)	
	Beaumont Leys CLC	Crown Hills CLC
Commence design	27/11/00	27/11/00
Planning submission	8/1/01	22/1/01
Planning consent	5/3/01	19/3/01
Sign building contract	12/3/01	26/3/01
Start work on site	12/3/01	26/3/01
Complete building work	3/9/01	17/9/01
Complete commissioning	1/10/01	15/10/01

Paragraph 6 below describes the procurement route required to achieve these deadlines.

6 Procurement Proposals

6.1 Apart from the length of the process, the traditional procurement route has many disadvantages compared with more modern methods. The government is anxious for clients to lead in addressing the problems that have plagued the UK construction industry for many years and in particular to adopt the ideas set out in Sir John Egan's report 'Rethinking construction'. The high level of client dissatisfaction within the industry is seen to stem from the adversarial nature of construction contracts, leading to disputes, increased costs, delays and defective work. The City Council's experience of traditional forms of procurement is no different from the national picture.

The objectives of an alternative procurement strategy are to:

- Minimise the period required for design and construction;
- Produce buildings of high quality in terms of aesthetics and functional performance, consistent with the key contribution of the CLC's in raising standards in schools and the aspirations of schools, the LEA and the government;
- Reduce the number of minor defects in the building, sometimes known as snagging items, so as to raise levels of user satisfaction and particularly to create a good first impression to users;
- Achieve value for money by obtaining the buildings at the right price without compromising quality. To reduce the cost to the client and to recover from the contractor the costs associated with preparing 'lowest price' tenders;
- Reduce conflict between client / contractor / sub-contractors and thus avoid time consuming and costly disputes; and

- Manage the supply chain such that all stakeholders, including specialist sub-contractors with specialist skills and knowledge are able to input into the process and add value at the earliest possible opportunity.

The key features of the procurement strategy, designed to achieve the above objectives are:

- A partnering arrangement with a contractor to reduce conflict, increase teamwork and improve overall performance;
- A negotiated contract with a selected contractor (rather than competitive tenders based on lowest price) that still safeguards the Council's duty to obtain best value; and
- An element of design and build, allowing detailed design work to be carried out concurrently with work on site.

These approaches are becoming more commonly used in the construction industry and the potential benefits are being recognised. Negotiated contracts and design and build contracts have only been used to a very limited extent by the City Council and partnering arrangements have not been used before.

6.2 Partnering arrangements

There is currently great interest in partnering arrangements in the construction industry, partly due to the perceived rise in adversarialism leading to costly and time consuming disputes and partly due to the recognition of the benefits that improved team working can bring in terms of quality, time and cost.

Partnering can take several forms, namely:

- Strategic partnerships or term partnering which are for a period of time rather than a single project, and
- Project specific partnerships for the duration of an individual project.

Strategic partnerships have been used in the private sector for some years. European procurement directives and public finance regulations impose a requirement for competition on the public sector and therefore project specific partnering arrangements are usually more appropriate. Such an arrangement is proposed for the City Learning Centres.

Partnering has been defined as a managerial approach used by two or more organisations to achieve specific business objectives by maximising the effectiveness of each participant's resources. The approach is based on mutual objectives, an agreed method of problem resolution and an active search for continuous measurable improvements.'

Partnering arrangements are not usually legally binding and therefore do not supersede the contract. The legal rights and obligations of the parties are set out in the contract. The form of partnering that is proposed would be an arrangement arrived at by the parties (and would ideally include sub-contractors and suppliers). The agreement is about aspirations and working relationships that are established within the legal framework. It is unlikely, provided that there is appropriate legal guidance, that there would be anything in the partnering agreement that would conflict with the Council's standing orders and financial regulations.

If the case for allowing a negotiated contract is accepted, there is an almost unique opportunity to enter into a partnering arrangement at the outset of the project, rather than the more usual post-contract arrangement. The added benefit, in terms of partnering, would be that all the organisations in the supply chain have the opportunity to contribute to the development of the project and bring in their own specialist skills and resources from the outset.

The essential elements in the partnering process are:

- **SELECTION** Selection of a compatible and appropriate contractor to partner. This process would normally involve competition selection but given the demands of the programme, an alternative means of selection is proposed.
- **WORKSHOP** All parties attend a partnering workshop at which the objectives for the project and for the parties are aligned and the ground rules for the partnering arrangement established.
- **CHARTER** Drawn up at the workshop and sets out the aspirations of the parties and the relationships that they hope to achieve. It is not a contractual document nor does it supersede the contract. It is a statement of how the parties intend to conduct themselves.
- **COMMUNICATIONS** Structure of communications and relationships at all levels is agreed at the workshop.
- **EVALUATION** Continuous monitoring is required to ensure that the partnering relationship is achieving its objectives.
- **DISPUTE AVOIDANCE / RESOLUTION** An agreed procedure is required, the aim of which is to resolve issues at the earliest opportunity and at the lowest possible level, subject to the contractual and statutory rights of the parties.
- **CONTINUOUS IMPROVEMENT** A procedure that enables partners to seek opportunities to improve performance.

6.3 Negotiated contracts

Public procurement regulations and the legal framework within which local authorities operate impose a requirement to ensure value for money through competition. There are precedents for negotiated contracts rather than competitive tenders awarded on the basis of lowest price. These have usually been used for expediency and have involved an extension to an existing contract or a new contract based on a comparison with a similar contract that was awarded competitively. In order to ensure that value for money can be

demonstrated, the following method of agreeing the contract price is proposed:

- The partnering contractor will have recently tendered competitively and won contracts for works of a similar nature;
- There will be an agreement with the contractor as to the basis on which the contract value should be calculated. This must include:
 - An agreement to use tendered rates from previous contracts, adjusted for inflation, overheads and preliminaries as appropriate;
 - An agreement to use an appropriate percentage allowance for profit and overheads and to apply this percentage to actual costs on an 'open book' basis for works for which there are no applicable tendered rates; and
 - An agreement to offer the Council the savings arising from the avoidance of the cost of unsuccessful tender preparation.
- The agreed contract sum will be calculated on the above basis. Variations to the contract price after the contract award will be calculated on a similar basis; and
- All agreements on price will have a full audit trail and will be capable of demonstrating value for money by reference to competitively tendered prices.

6.4 Concurrent design and build

The primary objective of using concurrent design and build would be to save time by starting building work before the detailed design is complete. There are two ways of achieving this; either by the client's architect completing the design to an agreed schedule (known as an IRS) as the building work progresses or by the contractor completing the design and preparing the production information. Either way, it is necessary to define the client's requirements in sufficient detail to obtain a reasonably accurate price for the work. This means that the client's architect needs to develop the design at least in sufficient detail to apply for planning consent. From this point, the relative benefits / disadvantages of the two alternatives are:

- If the architect completes the design
 - there is continuity in the design process
 - there is greater control over the detail design and specification

but

- it is the client's risk if the design information is not completed on time
- the contractor is committed to a price without control over how the client's requirements are delivered

- If the contractor completes the design
 - the design process is within the contractor's control and delays in completing the design are at the contractor's risk
 - responsibility for defects as a result of the detailed design are at the contractor's risk rather than the client's

but

- the specification of performance requirements must be very tight and must include a degree of prescription in order to make the standard clear to the contractor and to avoid the 'cheapest option' route.

On balance, it is proposed that:

- The scheme design and performance specification are prepared by the client's architect and design team
- The detailed design and production information are prepared by the contractor or by consultants in the employment of the contractor
- The client's architect and design team are retained to vet the detailed design proposals and to supervise the work on site.

6.5 Selection of a partnering contractor

Under normal circumstances, the requirement for competition in the award of a contract would start with the selection of a contractor. The Council's usual practice is to use a 'restricted procedure' whereby several contractors are selected from a standing select list and invited to tender for the contract. Alternatively, a project specific select list is established after advertising and selecting from applicants on the basis of capability, experience, financial standing, competence in regard to health and safety, etc.

There is insufficient time in the programme to advertise for contractors for this project and since the value is well below the threshold applicable to the Public Works Procurement Regulations, this is probably not necessary as a contractor can be chosen from the Council's standing select list.

Using the usual procurement route, a short list of contractors to be invited to tender is selected from the standing select list partly on a rotational basis and partly by including contractors with the best recent tendering record. If the contract is to be negotiated, an alternative but fair and reasonable method of selecting a contractor from the standing select list will be required.

On the basis of a Director's Action under delegated powers, negotiations have commenced with a contractor from a list formed from those contractors that have been awarded recent contracts for school building work. Only contracts commenced or completed within the last twelve months have been considered. The nature of the industry is transient and an assessment of the

quality and reliability of contractors is often only valid over a relatively short period. Work in schools has particular characteristics and it is essential that contractors have a proven ability to organise and manage their work safely and efficiently without disrupting the operation of schools. The criteria that have been considered are:

- Quality of work

Whether the work was of an acceptable quality, bearing in mind that a completely defect free building at practical completion is almost unknown.

- Completion on time

Taking into account, as far as possible, delays beyond the control of the contractor (for which a valid extension of time would have been granted).

- Health and safety record

Accidents or incidents involving the contractors own staff or school students or teachers.

- Contracts awarded to a similar value to the CLC's.

This criteria is required in order to ensure that there is a sound and auditable basis for the negotiation of the contract price. The level of overheads, profit and preliminaries will vary according to the size of the contract.

- Contracts awarded with work of a similar nature to the CLC's.

This criteria is required for the same reasons as above.

It is accepted that this proposal is not precise and involves a degree of subjective judgement.

7 Recommendations / Decisions Required

7.1 Cabinet is recommended to approve the following matters of principle:

- (f) The concept for 'Leicester on line' described in Para. 2 including the two Learning Centres and the hub and spoke arrangement.
- (g) The outline design proposals for the learning centres at Beaumont Leys School and Crown Hills Community College described in Para. 3
- (h) The expenditure of up to £2,400,000, to cover start up costs, construction costs, design fees and furniture and equipment, as illustrated in Para. 4. This expenditure to be funded from government grant.

- (i) The proposal for the procurement of the centres as described in Para. 6 and in particular the proposals to enter into a partnering arrangement with a suitable contractor and to negotiate a contract price.
- (j) A waiver under Standing Order 82.2 (allowing the contract to be negotiated without competitive tenders)

7.2 Cabinet is recommended to delegate authority to the Director of Education to determine the following matters of detail, in consultation with the Cabinet Member with responsibility for Education:

- (h) The detailed development of the 'Leicester on line' concept
- (i) The detailed design for the two learning centres
- (j) The detailed breakdown of expenditure within the overall budget of £2,400,000
- (k) The appointment of consultants as required, using the Council's usual procedures, to carry out the design and supervision of the works.
- (l) The selection of a suitable partnering contractor
- (m) The negotiation of a contract price for the building works
- (n) Instructions to the Council's Head of Legal Services to enter into a contract with the selected contractor, subject to a mutually acceptable contract price being agreed

FINANCIAL, LEGAL AND OTHER IMPLICATIONS

8 Financial Implications

8.1 Grant of £2,400,000 is to be received to fund the cost of the scheme. This funding is available for 2 years (2000/01 and 2001/02). If actual costs should exceed £2,400,000 this will have to be met from the existing Education capital programme. Grant of up to £220,000 is also available until 2003/04 towards ongoing revenue costs. It is anticipated that actual costs will be within this limit.

9 Legal Implications

9.1 Refer to Paragraph 12.3 below.

10 Other implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	No	
Policy	Yes	13
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	

11 Background Papers – Local Government Act 1972

- 11.1 Report on detailed proposals and plans for City Learning Centres submitted to DfEE in December 2000.

12 Details of Consultation

- 12.1 The 'Excellence in Cities' bid, the concept of 'Leicester on Line' and the location and design criteria for the two learning centres has been developed in extensive detailed consultation with schools.

- 12.2 The procurement proposals have been developed in close consultation with the Council's Legal, Financial Management and Audit teams. Their comments are reproduced below:

- 12.3 Comments from the Head of Legal Services

The proposed procurement arrangements are novel. Nonetheless they appear to be legally robust and they and the form of contract used should provide adequate protection for the Council's interests.

The arrangements will require the grant of a waiver from Standing Orders under Standing Order 82.2. Members will need to be satisfied that, in granting such a waiver, the Council will nonetheless obtain value for money from the contract.

- 12.4 Comments from the Chief Accountant

The need for the alternative procurement method proposed is accepted, due to the shortage of time available. The selection criteria needs to be sufficiently robust to withstand potential claims by other contractors. The main concern is ensuring that the Authority is obtaining a competitive price for the work. This requires that the majority of the work should be based on original tendered rates of the contractor rather than an 'open book basis'. It is noted that the availability of applicable competitive rates is one of the main criteria for the selection of the contractor.

Account will be taken of the fact that the contractor will not have incurred costs in the tendering process and the Council should seek to take account of these savings in the negotiation of the contract price. Also, the prices will need to be adjusted to take account of inflation, etc. and any such adjustments should be auditable.

It is recommended that the method and criteria used for the selection of the contractor are independently verified by another officer.

12.5 Comments from the Head of Internal Audit

Ideally, open competition or a standing list would be used to select any contractor. However, due to the time constraints involved in this project, it is appreciated that this will not be possible.

The selection of any contractor should be transparent and lend itself readily to scrutiny. The proposals to use the given criteria to select a contractor in this case provide an adequate audit trail to the decision made. In addition, the proposals for a negotiated contract and the use of previous rates as a basis for calculating the contract price appear to be satisfactory.

13 Policy Implications

13.1 'Leicester on line' and the City Learning Centres will directly support the goals for Education set out in the Community Plan. Amongst other things they will help to:

- Improve attainment levels;
- Increase staying on rates;
- Reduce truancy rates;
- Improve employment prospects;
- Provide development opportunities and support for teachers;
- Provide opportunities for the Gifted and Talented;
- Provide opportunities for life long learning for the wider community;

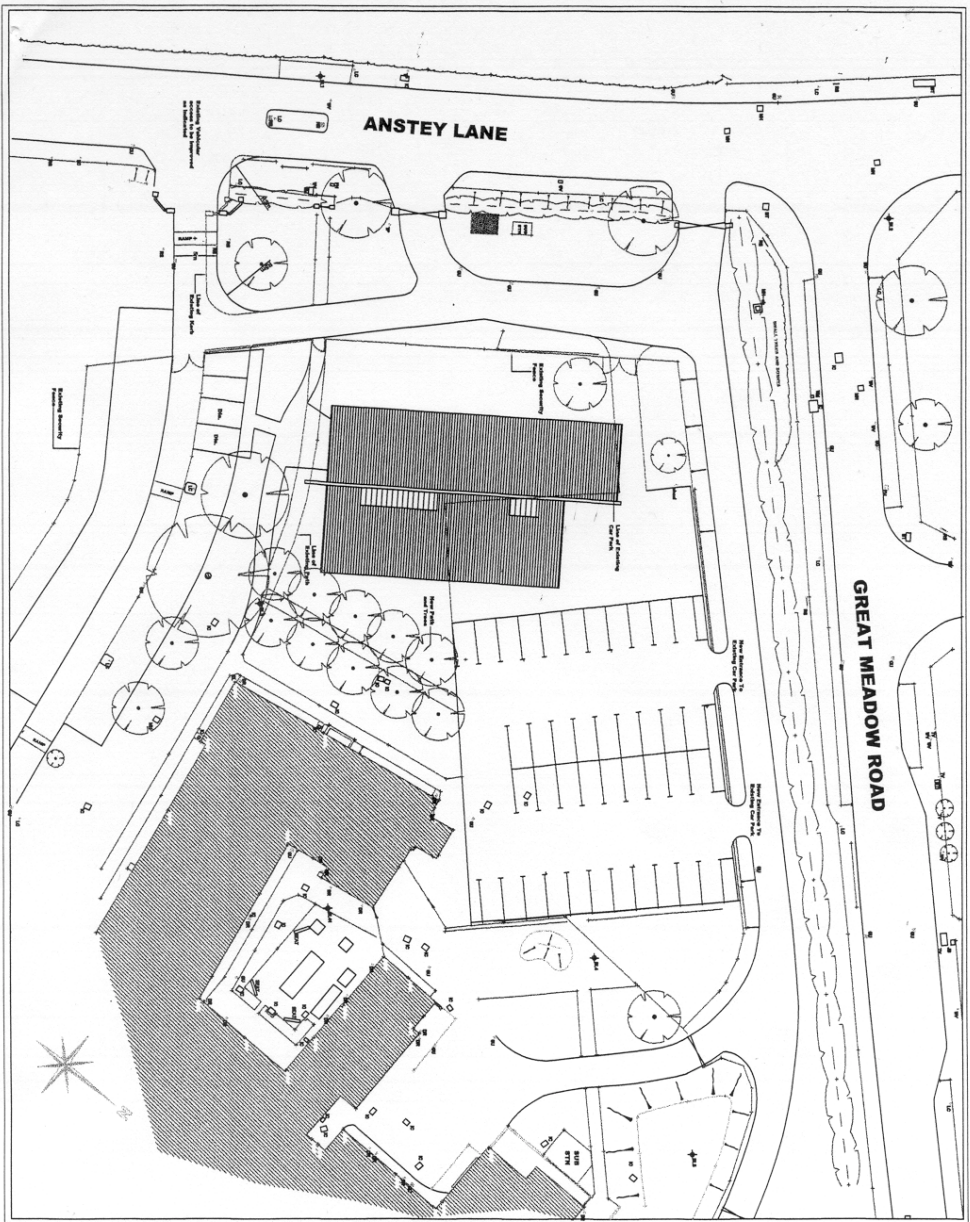
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Appendix A – Initial Design Proposals for Beaumont Leys City Learning Centre

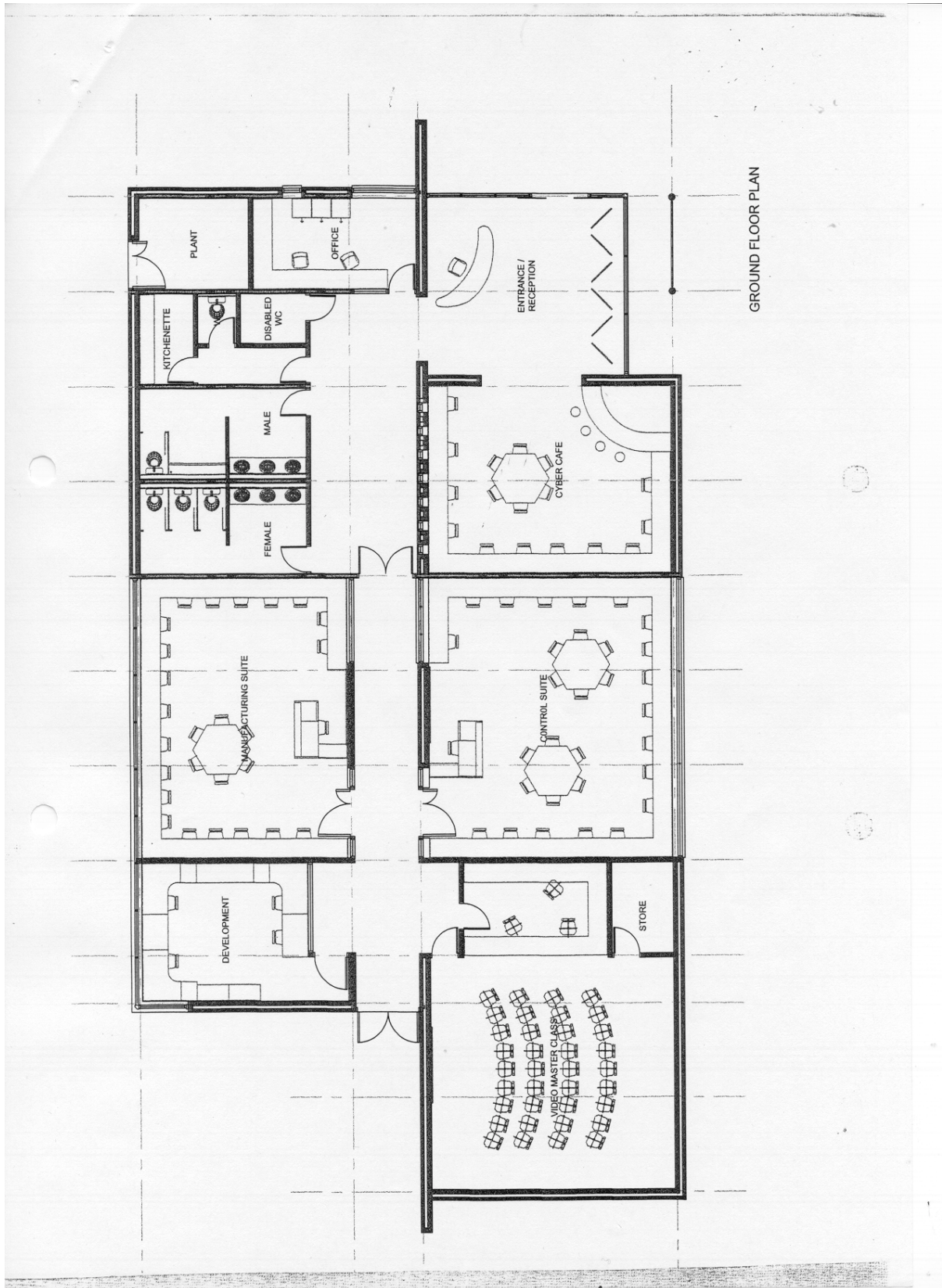
The appended plans represent the early development proposals of the designers. They are presented as an aid to visualising how the City Learning Centres might look.



NO PART OF THIS PLAN SHOULD BE USED FOR ANY PURPOSE WITHOUT THE WRITTEN CONSENT OF THE ENGINEER.
 HEALTH AND SAFETY NOTE
 THIS PLAN IS SUBJECT TO THE HEALTH AND SAFETY ACT.

City Consultants
 CONSULTING ENGINEERS
 14791
 CIVIL ENGINEERING
 14791
 SITE PLAN B

PROJECT NO.	0258K-01	DATE	1/20/00
DATE		SCALE	
DATE		SCALE	



GROUND FLOOR PLAN

