

Finance and Resources Committee

10:00, Thursday, 20 May 2021

Early Years and Rising Rolls Programme Approvals

Executive/routine Wards	Executive
Council Commitments	32, 33

1. Recommendations

- 1.1 It is recommended that the Committee approves that delegated authority be granted to the Chief Executive, in consultation with the Convenor and Vice-Convenor of the Committee, to:
- 1.1.1 Award a contract to Robertson Construction Group Limited to a value of no more than £13.5m to allow the completion of Craigentiny, Granton, Nether Currie, St John Vianney RC and St Mark's RC primary school nursery buildings;
 - 1.1.2 Award a contract to the winning tenderer to a value of no more than £2.7m to allow the construction of the Community Hub at Ratho;
 - 1.1.3 Award a contract to the winning tenderer to a value of no more than £2.4m to allow the construction of an extension of the nursery at Carrick Knowe Primary School;
 - 1.1.4 Award a contract to the winning tenderer to a value of no more than £2.5m to allow the construction of an extension of the nursery at Spinney Lane Nursery School;
 - 1.1.5 Award a contract to the winning tenderer to a value of no more than £2.8m to allow construction of a new classroom building at Sciennes Primary School.

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Chief Executive

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Early Years and Rising Rolls Programme Approvals

2. Executive Summary

- 2.1 This report seeks to mitigate further delays in the delivery of the City of Edinburgh Council (the Council)'s Early Years and Rising Rolls Infrastructure programmes. It seeks Finance and Resource Committee approval to delegate authority to the Chief Executive, in consultation with the Convenor and Vice-Convenor of the Committee, to authorise approval of spend once tender processes have been completed for Early Years and Rising Rolls projects which have been delayed due to the impact of the Covid-19 pandemic and may be further delayed due to internal reporting timescales and the scheduling of the Finance and Resources Committee.
- 2.2 In particular it seeks delegated authority for the Chief Executive, in consultation with the Convenor and Vice-Convenor of the Committee, to authorise approval of spend on behalf of the Council with Robertson Construction Group Limited to a value of no more than £13.5m to allow the completion of five nursery buildings at Craigentenny, Granton, Nether Currie, St John Vianney RC and St Mark's RC primary schools which have been delayed following the collapse of the appointed contractor (Central Building Contractors) due to the Covid pandemic. All costs associated with this project would continue to be covered by the Early Years grant provided by the Scottish Government and would not impact on the Council's Capital Investment Programme.
- 2.3 Delaying the delivery of these projects would not prevent the Council meeting its obligations to deliver 1140 hours of free Early Learning and Childcare but would mean the Council could not meet its commitment to "make early years' provision more flexible to fit families' needs..."

3. Background

- 3.1 'A Blueprint for 2020: The Expansion of Early learning and childcare in Scotland – Early Learning and Childcare Expansion Planning Guidance for Local Authorities' issued in March 2017 by the Scottish Government set out local authorities' responsibility for the implementation and delivery of an expanded entitlement of 1140 hours of free Early Learning and Childcare in their area. The vision for expansion is underpinned by the principles of Quality, Flexibility, Accessibility and Affordability.
- 3.2 The City of Edinburgh Council's Commitments 32 and 33 for this Council term reflect the vision in the Blueprint:

32. Double free early learning and child care provision, providing 1140 hours a year for all 3- and 4-year olds and vulnerable 2-year olds by 2020

33. Make early years' provision more flexible to fit families' needs and provide additional resources to families in difficulty so that no children are educationally disadvantaged when they start formal schooling

Details of the infrastructure programme required to support the expansion to 1140 were noted by the Finance and Resources Committee on 12 June 2018 in the paper entitled [“Expansion of Early Learning and Childcare from 600-1140 hours by 2020 - Current Progress and Next Steps”](#). Delivery of this programme is ongoing, however, the impact of the Covid-19 pandemic has stalled parts of the programme with the most significant impact being the loss of the contractor appointed to deliver five new nursery buildings.

4. Main report

Delegated Authority

- 4.1 The Early Years and Rising Rolls programmes contain a number of projects at different stages in their development. These projects range from small refurbishment works to entirely new learning and teaching establishments. Unlike other capital projects within the Council, the delivery of these projects is driven by a need to meet key points during the year to ensure that schools and nurseries have the accommodation they require to meet demand at the start of a school term or at an appropriate intake point for a nursery. Failure to meet these dates may result either in a delay in offering places, a new building remaining empty for several months and/or adaptations to existing accommodation or provision of temporary accommodation. In the case of Early Years projects, the late delivery of new infrastructure will not prevent the Council meeting its statutory obligations to deliver 1140 hours of nursery provision. However, it would restrict parental choice and the flexibility of the offering and therefore be contrary to the Council's Commitment 33 which is to “Make early years' provision more flexible to fit families' needs...”
- 4.2 This year there are a number of projects – particularly in the Early Years programme – that, due to their value, will require approval from Finance and Resource Committee before a contract can be entered into with a successful tenderer. The internal reporting timescales and the scheduling of the Finance and Resources Committee during the summer period means that it may not be possible to progress some these projects without incurring programme delays. Many of these projects have already been subject to significant delays due to the Covid pandemic which means accelerating their programme by limiting any unnecessary delays is desirable.
- 4.3 To mitigate the risk of further delay and allow projects to proceed swiftly on conclusion of tender processes it is proposed through this report that Committee delegate authority to the Chief Executive, in consultation with the Convenor and Vice-Convenor of the Committee, to award contracts for these particular projects at the appropriate time. It is proposed that that value of the delegated authority is capped at what is understood to reflect the maximum price the Council would consider accepting, on the basis of the information available at the time of this report being finalised.
- 4.4 Table 1 (below) sets out the projects that would be covered by this proposed approach.

Table 1: Projects with tender return dates scheduled during summer 2021

Project	Description	Status	Approval	Basis of Cost
Five New Nurseries	Project stalled due to collapse of original contractor and high costs associated with completion (further details in section 4.5)	Contract Sum agreed with Robertson Construction Group Limited to allow completion - Awaiting Committee Approval	To enter into a contract with Robertson Construction Group Limited to a value of no more than £13.5m.	Agreed Contract Sum
Ratho Library and Nursery	New building with Planning Approval to replace existing nursery and library in Ratho with a single hub building.	Tender to be issued 3 May 2021 for approval by 26 July 2021.	To delegate authority to the Chief Executive to enter into a contract with the winning tenderer to a value of no more than £2.7m	Stage 3 Cost Plan
Carrick Knowe Nursery Extension	New building with Planning Approval to extend existing nursery.	Tender programmed for issue 24 May 2021 for approval by 16 August 2021.	To delegate authority to the Chief Executive to enter into a contract with the winning tenderer to a value of no more than £2.4m	Stage 3 Cost Plan
Spinney Lane Nursery Extension	New building with Planning Approval to extend existing nursery.	Tender programmed for issue 21 June 2021 for approval by 13 September 2021.	To delegate authority to the Chief Executive to enter into a contract with the winning tenderer to a value of no more than £2.5m	Stage 3 Cost Plan
Sciennes Primary School Rising Rolls Building	New building awaiting Planning Approval to replace temporary units demolished or at end of life.	Tender programmed for issue 11 May 2021 for approval by 3 August 2021.	To delegate authority to the Chief Executive to enter into a contract with the winning tenderer to a value of no more than £2.8m	Stage 2 Cost Plan

Five New Nurseries Project

- 4.5 In April 2020, during the first Covid lockdown, Central Building Contractors (CBC) who had been appointed by the Council to construct new nursery buildings at Craigentenny, Granton, Nether Currie, St Mark's RC and St John Vianney RC Primary Schools went into receivership and ceased trading. The Council's Facilities Management Services secured the five sites but, due to the construction lockdown the Council was not able to appoint a contractor to make the incomplete buildings wind and watertight. Robertson Construction Group Limited were appointed under delegated authority via the Scape Framework in October 2020 to undertake a first phase of works:

- repair any damage caused to the building since the original contractor left the site;
 - repair any of the outstanding defects that the original contractor had not addressed prior to leaving the site;
 - make the buildings wind and watertight; and
 - prepare a scope for a second phase of works to bring the buildings to completion.
- 4.6 This first phase of work was completed in February 2021. Since their initial appointment negotiations with Robertson Construction Group Limited had been ongoing to reach a position whereby they could remain onsite and begin the second phase of the works which would see the buildings completed. However, the costs for phase two works provided by Robertson Construction Group Limited's in February 2021 were considerably greater than budgeted within the Early Years Programme. Accordingly, it was decided that further work was required by the Council's appointed cost consultants, Currie & Brown, and Robertson Construction Group Limited to demonstrate that the costs provided represented best value for the Council.
- 4.7 The original contract with CBC to complete the five nurseries was for £9.16m. Prior to their collapse £4.66m was paid to CBC for the work completed. The Council entered into a contract with Robertson Construction Group Limited valued at £1.13m to complete Phase 1 works. Additional works required have increased the Phase 1 works package value to £2.2m. Robertson Construction Group Limited have provisionally costed the Phase 2 works at £11.47m resulting in a gap of approximately £8m between the funding budgeted within the Early Years 1140 programme and the cost of completing these buildings. However, this capital shortfall can be met through the revenue funding provided as part of the Scottish Government's Grant funding for Early Years expansion.
- 4.8 The advice provided by the Council's cost consultants indicates that, while the costs may be considerably higher than the original contract, they are representative of market conditions and taking alternative procurement routes may not provide any significant degree of cost saving.
- 4.9 There are a number of factors that have influenced these conclusions:
- The works are unattractive to the market due to them being partially complete projects with greater risk inheriting a previous contractor's work;
 - The market is particularly buoyant at the moment where sub-contractors can pick and choose what works they tender for;
 - Volatility, including loss of companies to insolvency in key supply chain markets, particularly Mechanical and Electrical, make obtaining prices more challenging; and
 - Key materials appear to be above anticipated inflation levels e.g. steel.
- 4.10 It should be noted that an alternative procurement route would also delay the project well beyond January 2022 when the new nursery capacity is required.
- 4.11 At the time of this report being finalised, work to challenge and refine the costs provide by Robertson Construction Group Limited was ongoing. However, in order to deliver these new nurseries by Christmas 2021, a contract with Robertson Construction Group Limited must be entered into before the end of May 2021. For this reason and following

confirmation from our cost advisors that the costs provided by Robertson Construction Group Limited offer best value given the factors outlined above, Committee is asked to approve that delegated authority be given to the Chief Executive, in consultation with the Convenor and Vice-Convenor of the Committee, to award a contract with Robertson Construction Group Limited at a value of no more than £13.5m. This cost is for both the additional Phase 1 works and the Phase 2 works, which would see the five nurseries to completion..

Ratho, Carrick Knowe and Spinney Lane

- 4.12 The new nursery at Ratho and the extensions at Carrick Knowe Primary School and Spinney Lane Nursery are targeted for completion during the summer break in 2022. It is hoped that this will allow them to become operational for the start of the new school term in August 2022. Currently their programmed completion dates are 20 June 2022 (Ratho), 11 July 2022 (Carrick Knowe) and 8 August 2022 (Spinney Lane). Accordingly, there is little scope for slippage in these programmes and the approvals in this paper are sought to minimise delay and provide the best chance of meeting these dates.

Sciennes Primary School

- 4.13 The new classroom extension at Sciennes Primary School is currently programmed for completion during the school's October break in 2022. Pupils would transition to the new building following the October break. The site at Sciennes Primary School is restricted and delays to the project increase the time that playground space at the school is occupied by temporary classrooms. Accordingly, the approvals in this paper are sought to minimise the requirement for temporary classrooms and allow the move to take place over the October holiday period.

5. Next Steps

- 5.1 Should Committee approve recommendation 1.1.1, a contract to allow the completion of the five nurseries would be entered into within a week. This would allow the contractor to begin on site in June 2021 and complete all five buildings by Christmas 2021.
- 5.2 Should Committee approve recommendations 1.1.2 to 1.1.5, then these individual projects would progress immediately on completion of an appropriate tender process limiting any further delay to their delivery. The procurement strategy for these projects is in development.
- 5.3 If Committee does not approve the recommendations in this report then the programmes for these new facilities will be revised and measures put in place to mitigate the impact of any resulting delays. Delays would not prevent the Council meeting its statutory obligations to deliver 1140 hours of nursery provision but it would restrict parental choice and the flexibility of the offering and therefore be contrary to the Council's Commitment 33 which is to "Make early years' provision more flexible to fit families' needs..."

6. Financial Impact

Capital

- 6.1 The five new nurseries at Craigentenny, Granton, Nether Currie, St Mark's RC and St John Vianney RC Primary Schools are funded from the Scottish Government Early Years 1140

Grant. As the expansion has been delayed due to the Covid pandemic, there is surplus revenue funding which, under the terms of the grant, may be transferred to capital. The new community hub at Ratho and the extension of Carrick Knowe Nursery are also funded from the Early Years 1140 grant. Accordingly, none of these projects have an impact on the Council's Capital budgets.

- 6.2 The new classroom building at Sciennes PS is included within the Council's Capital Investment Programme as part of the Rising School Rolls budget.

Revenue

- 6.3 The additional Early Years revenue costs arising from these new and expanded facilities will be funded through the 1140 hours expansion funding provided by the Scottish Government.
- 6.4 The running costs associated with the new four classroom Passivhaus building at Sciennes Primary School are expected to be less than those of the four temporary unit classrooms it replaces and, as a new building the maintenance costs are also expected to be reduced. As a replacement for existing infrastructure rather than an expansion of school capacity, the new classroom building does not increase the numbers of pupils or classes meaning that there is no impact on staffing costs.

7. Stakeholder/Community Impact

- 7.1 The purpose of this paper is to mitigate the risk of delays that could be detrimental to the communities the projects are designed to benefit. Where delays have already been incurred due to the Covid pandemic the communities concerned have been made aware through letters distributed by the schools.
- 7.2 Failure to deliver these new facilities by their planned delivery dates would not prevent the Council meeting its statutory obligations to deliver 1140 hours of nursery provision. However, it would restrict parental choice and the flexibility of the offering and therefore be contrary to the Council's Commitment 33 which is to "Make early years' provision more flexible to fit families' needs..."
- 7.3 All new buildings delivered by these projects will be built to meet a wide range of environmental criteria in order to ensure the projects limit their environmental impact and maximise sustainability during construction and operation. This will include meeting higher energy performance ratings through the utilisation, among other things, of enhanced fabric and mechanical and electrical improvements.
- 7.4 In order to be awarded the Framework Agreement, Robertson's were assessed for compliance with Fair Works practices related legislation and pay the living wage to staff. Every project awarded from the Agreement carries within it a Community Benefits obligation. Community Benefits are set within pre-construction and will focus primarily on local employment supply chain engagement and utilisation. Contractual documentation aligns with the Council's construction charter and low energy targets.

8. Background reading/external references

- 8.1 Finance and Resources Committee, 12 June 2018 - ["Expansion of Early Learning and Childcare from 600-1140 hours by 2020 - Current Progress and Next Steps"](#)

9. Appendices
