

CABINET

6 AUGUST 2013

GATEWAY 1 PROCUREMENT COMMENCEMENT: GREENVALE SCHOOL REFURBISHMENT PHASE 3

Portfolio Holder:	Councillor Mike O'Brien, Lead Portfolio Holder - Children's Services
Report from:	Barbara Peacock, Director of Children and Adults Services
Author:	Laura Johnstone, Capital Projects Officer Sarah Woods, Interim Programme Manager Children & Adults Susan Goss, Category Specialist, Place & Projects

Summary

This report seeks permission to commence the procurement of a new build extension for the entrance and administration and a review of the existing accommodation to allow for two extra classrooms.

This Gateway 1 report has been approved for submission to the Procurement Board review and discussion at Children's and Adult's Directorate Management Team meeting on 9 July 2013.

The Children and Adults Directorate Management Team had previously recommended that this procurement project be approved as a Category B Medium Risk procurement project at Procurement Gateway 1 by the Procurement Board. Subsequently, Procurement Board on 23 July 2013 recommended that this procurement project be approved as a Category B High Risk procurement project at Procurement Gateway 1 by the Cabinet.

Approval is requested to downgrade the procurement to medium risk to enable us to maintain the outline programme. This will ensure the construction works are commenced in early 2014 and are completed in June 2014, enabling the school are able to move in and prepare for the new term in September 2014. Following the delays to completion of the phase 1 – nursery works which was delayed into the September term, this is imperative, as it would minimise the impact of the project works on the teaching staff.

1. Budget and Policy Framework

1.1 Service Background Information

- 1.1.1 This project supports the Council's School Organisation Plan 2011 – 2016, approved by Cabinet on 12 June 2012 (decision number 85/2012), which highlights the need for more pupil places in Chatham. The Council has a statutory duty to ensure there are sufficient school places as set out in the Education & Inspections Act 2006.

1.2 Council's Strategic Priorities And Core Values

- 1.2.1 The procurement of this requirement directly links into the following Council Strategic Priorities and Core Values:

Core Values

- Putting our customers at the centre of everything we do.

This procurement requirement will deliver against the Core Value of 'Putting our customers at the centre of everything we do' through the delivery of suitable accommodation for the expansion of Greenvale Primary School.

- Giving value for money

This procurement requirement will deliver against the Core Value of 'Giving value for money' through the use of a separate procurement via tender with local contractors. The competitive nature of recent tenders has shown good value for money, when compared with the refurbishment rates offered via the National Framework.

Strategic Priorities

- Children and young people having the best start in life in Medway.

This procurement requirement will deliver against the Strategic Priority of 'Children and young people having the best start in life in Medway' through the delivery of investment in Medway School buildings to provide 21st Century accommodation in order to achieve and succeed in learning.

1.3 Strategic Council Obligations

- 1.3.1 The procurement of this requirement directly links into the following Strategic Council Obligations: The Council has a statutory duty to ensure there are sufficient school places available. The Council also has a duty to promote high standards and secure sufficient school places and ensure the sustainability of its schools throughout Medway (Education Act 2006 and 2011).

- Medway Council Plan

This procurement requirement links into the Medway Council Plan by supporting the Council priority to give children and young people the best start in life.

1.4 Departmental and Directorate Service Plans

- 1.4.1 This procurement requirement links into the Children & Adults Directorate Service Plan by supporting the development of 21st century education provision for all pupils.

2. Background

2.1 Project Details

- 2.1.1 This procurement requirement is a procurement project that is dependent upon and connected to other procurement. These projects are:

Greenvale Phase 1 – Nursery accommodation complete – Sept 2012

Greenvale Phase 2 - minor adaptations £27,900 includes fees and surveys

Greenvale Phase 3 – New entrance building and classroom adaptations

- 2.1.2 This procurement is a Works/Construction procurement requirement.

- 2.1.3 This report seeks permission to commence a new procurement project with proposed contract duration of 26-week contract with no provision to extend.

The contract is proposed to commence on January 2014 and conclude on July 2014.

The total value of this procurement contract is set out in the exempt appendix. This cost has been provided by NJC (UK) Ltd Quantity Surveyors, based on the design developed by Design Quarter Architects in conjunction with the school.

2.2 Business Case

Pupil numbers and room requirements

- 2.2.1 The number of pupil places needed at the school, that result in the need for additional classrooms are outlined in the table at appendix 1.

- 2.2.2 For September 2012, a temporary building was provided to house the nursery age pupils. This allowed sufficient space in the main building, in the foundation stage area for the 90 reception age pupils – a PAN of 60 plus a bulge class of 30. The foundation stage area (FS2) can accommodate up to 120 pupils. However, as these larger year groups progress through the school year on year, the number of classrooms for Year 1 & 2 pupils will be insufficient. The project will convert the current nurture room and ICT suite into classroom spaces for these future years

and provide replacement spaces for nurture and ICT in the administration and reception area. A new administration and entrance building will be constructed to replacement these spaces. Please see the new accommodation layout in appendix 2.

2.2.3 In September 2014, the nursery age pupils will relocate back into the foundation stage unit. At this point, it is intended that the temporary accommodation be utilised to provide a facility for two year olds, in line with new government legislation.

2.2.4 Procurement Project Outputs / Outcomes

As part of the successful delivery of this procurement requirement, the following procurement project outputs / outcomes within the table below have been identified as key and will be monitored as part of the procurement project delivery process.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
1. Appointing a contractor for the works who will deliver a quality product within the timescales required and within the given budget	Successful completion of the building works within the timescales which will be measured through the tender process	Building & Design Services.	Monitored throughout the programme by monthly site visits and contractor reports.
2. Appointing a contractor for the building works who is able to work within the constraints of a school environment	Successful procurement of the contractor within the specifications contained within the tender process	Building & Design Services.	Monitored throughout the programme by monthly site visits and contractor reports.
3. Delivery of the key objectives for the project which is refurbishment	Completion of the building works meeting all the Client's requirements	Building & Design Services.	Assessed at the end of the project, and also monitored throughout the contract period

2.2.5 Procurement Project Management

This procurement project will be resourced through the School Organisation Team, who has the resources in place to act as Client Project Manager for the project. They will be supported by a small design

team of external consultants appointed by Building and Design Services and will be led by a Building & Design Services Project Manager in order to prepare the specification and drawings. Category Management will support the procurement process.

2.2.6 Post Procurement Contract Management

The contract management of this procurement project post award will be resourced through the Building and Design Services Project Manager, who will undertake full management and monitoring of the project to ensure the work is progressing on time and within budget and providing quality assurance for the process. Outputs of this process will include regular meetings with the contractor, project reporting, monthly valuations, strict change control processes and risk reviews, with progress reports going to the Children and Adults Capital Programme Cabinet Advisory Group.

2.2.7 Other Issues

There are no other issues that could potentially impact both the procurement process and overall strategic aims as identified within Section 1 of this report.

2.2.8 TUPE Issues

Further to guidance from Legal Services and Human Resources it has been identified that TUPE does not apply to this procurement process. This is because there will be no reductions in staffing as a result of this project.

3. Options

In arriving at the preferred option as identified within Section 4.1 'Preferred Option', the following options have been considered with their respective advantages and disadvantages.

3.1 Do nothing

The option of doing nothing is not a viable option because – the existing buildings require adaptations in order that they are suitable for the schools expansion.

3.2 In-house service provision

The option of providing this requirement through in-house service provision has been considered but is not a viable option because Medway Council does not currently employ in-house contractors for construction.

3.3 Using another local authority to deliver procurement requirements

The option of using another local authority to deliver procurement requirements has been considered but is not a viable option because

other local authorities do not currently employ contractors for these services.

3.4 Procurement via an EU compliant framework

No EU compliant frameworks have been identified from which Medway council's procurement requirements can be satisfactorily delivered, within the budget.

3.5 Formal tender process in line with Contract Procedure Rules

The option of formally tendering this procurement requirement solely in line with Medway Council's Contract Procedure Rules has been considered because this procurement requirement is a Category B Procurement that has a total contract value above £100,000.00 but below the EU Procurement Threshold for Works of £4,348,350, thus only requiring a competitive process in line with Contract Procedure Rules. Analysis of the options for formal tender via the various select list options is given in paragraph 3.10 below.

3.6 Formal tender process in line with EU Procurement Regulations.

The option of formally tendering this procurement requirement in line with EU Procurement Regulations is not appropriate because the value of the requirement is below the EU Procurement Threshold for Works of £4,348,350.

3.7 Internal Medway Council Collaboration between departments

The option of procuring requirements through internal collaboration between Medway Council departments in order to exploit economies of scale and synergies has been considered but no such opportunities exist.

3.8 External public sector collaboration (e.g. other Councils, Fire Service, PCT, Police)

The option of procuring requirements through external collaboration between Medway Council and other external public sector organisations in order to exploit economies of scale and synergies has been considered but no such opportunities exist.

3.9 Private sector collaboration e.g. Private Public Partnering/Private Finance Initiatives

The option of procuring requirements through private sector collaboration between Medway Council and other external private sector organisations has been considered but no such opportunities exist.

3.10 Procurement via a below EU Threshold Select List

The option of using a below EU Threshold compliant Select List to deliver procurement requirements has been considered and the following Select

Lists have been identified from which Medway Council's procurement requirements can be satisfied.

1) Constructionline – the UK register of pre-qualified construction services

Advantages

- Reduces procurement time
- Contractors are already checked for financial viability, quality and service
- Building and Design Services have already paid to utilise this service

Disadvantages

- External fees paid to utilise the framework

2) Kent County Council Select List of contractors

Advantages

- Reduces procurement time
- Contractors are already checked for financial viability, quality and service
- Building and Design Services have already paid to utilise this service

Disadvantages

- External fees paid to utilise the framework

3) Tendering directly to the marketplace

Advantages

- Potentially better value for money, as framework prices are usually fixed and do not always reflect market changes
- No additional fees to Medway for use of a framework

Disadvantages

- Medway would need to carry out additional checks for financial viability, quality and service, therefore impact on the project programme as it would increase procurement time

No other options have been identified.

4. Advice and analysis

4.1 Preferred option

4.1.1 Further to an extensive review of procurement options as highlighted within Section 3 'Options' above, the following preferred option is

recommended to the Strategic Procurement Board including justification for this.

4.1.2 The preferred option is 3.10, using the Kent County Council Select List, for procurement via a below EU threshold Select List.

Advantages:

- Market driven pricing for building works is a feature and the procurement will provide competitive tenders.
- The design team will fully specify the employer's requirements prior to inviting tenders
- The Council will have greater cost certainty following the tender exercise
- Sustainable systems will be installed providing the schools with more energy efficient systems and thereby reducing running costs.
- Health & Safety Risks are transferred to the contractor

Disadvantages:

- None.

4.2 Equality Act 2010

4.2.1 A review of tenderers' equality policies will form part of the quality assessment of the tender documentation. The review will check for compliance to the Equality Act 2010 and to Medway Council's equality policy. This must also be accompanied by a statement that there are no past or pending prosecutions against the Equality Act 2010.

4.3 Corporate Sustainability Plan

4.3.1 There will be no adverse environmental impact through the delivery of these projects. The school organisation service is applying the principles of the Waste & Resources Action Programme to all its projects to ensure that materials are sustainably resourced and that any waste is recycled responsibly, with waste to landfill at a minimum. The projects are being delivered in line with the Corporate Sustainability Plan. The procurement of the projects will be in accordance with all relevant health and safety legislation and will make improvements as required by current sustainability targets.

4.4 Carbon Reduction Commitment Energy Efficiency Scheme (CRC)

4.4.1 The Carbon Reduction Commitment Energy Efficiency Scheme (CRC), which started in April 2010, is a mandatory carbon emissions scheme that aims to increase energy efficiency in the UK. It will have financial and legal implications for local authorities and most schools in the UK, so gives an additional incentive for schools to reduce their energy use. As part of the Council's response to the new scheme, all designs for capital programme schemes require that works are undertaken to make schools more energy efficient whilst ensuring that

overall schemes provide the best value for money. Reduced energy use will enable the Council to meet the CRC requirements and also reduce the cost of energy bills for schools. Measures to ensure the most efficient scheme at each school will be detailed as the design progresses

5. Risk Management

5.1 Risk Categorisation

The following risk categories have been identified as having a linkage to this procurement project:

Procurement process	X	Equalities	<input type="checkbox"/>
Contractual delivery	X	Sustainability / Environmental	<input type="checkbox"/>
Service delivery	X	Legal	<input type="checkbox"/>
Reputation / political	X	Financial	X
Health & Safety	X	Other	<input type="checkbox"/>

For each of the risks identified above, further information has been provided in the following table.

Risk Categories	Outline Description	Risk Likelihood A=Very High B=High C=Significant D=Low E=Very Low F=Almost Impossible	Risk Impact I=Catastrophic II=Critical III=Marginal IV=negligible Impact	Plans To Mitigate Risk
a) Procurement process	Council decision making process affects programme, resulting in programme delays and cost increases	D	II	Projects are planned with Procurement and Cabinet dates in mind to minimise delays
b) Contractual delivery	Failure of contractor to deliver contractual arrangements	E	III	Inclusion of Contract monitoring procedures within the contract documents. Default clauses are part of the contract documentation.
c) Service delivery	Lack of specified performance	E	III	A detailed specification with key milestones and performance indicators.

d) Reputation / political	Negative publicity as a result of poor communication	C	III	Project specific communications plan has been developed
e) Health & Safety	Construction works in close proximity to pupils, staff and visitors, resulting in disruption, injury or worse	D	I	Contractor to provide clear & concise H&S procedures, with close liaison with the school. CDM Co-Coordinator to review measures taken
f) Financial	Possibility of unforeseen costs identified	D	II	Detailed investigative work prior to the tendering of works undertaken to highlight any issues.

6. Consultation

6.1 Internal (Medway) Stakeholder Consultation

As part of this procurement project, consultation with the Section 151 Officer, Category Management and Monitoring Officer will be undertaken in order to aid the evaluation process.

6.2 External Stakeholder Consultation

The following statutory external stakeholder consultation is required before the commencement of the procurement project in order to direct the specification:

- STG Building Control

In addition, and in order to aid the evaluation process school staff and the Governing Body will review the proposed schemes to ensure quality and best value for money as we as a scheme that supports the curriculum. Parents and pupils will also be consulted as appropriate.

The Building and Design Services Project Manager, in collaboration with the Client Project Manager and design team, will undertake full management and monitoring of the project to ensure the work is progressing on time and within budget and providing quality assurance for the process. Outputs of this process will include regular meetings with the contractor, project reporting, monthly valuations and strict change control processes, along with regular progress reporting to Children & Adults Capital Programme Cabinet Advisory Group.

Regular consultation with staff at the school will ensure any issues are managed efficiently and with little impact to the programmes, budgets and quality.

7. Procurement Board

- 7.1 The Procurement Board considered this report on 23 July 2013 and supported the recommendations as set out in paragraph 9 below.

8. Financial and legal implications

8.1 Financial Implications

- 8.1.1 This procurement requirement and its associated delivery as per the preferred option highlighted at Section 4.1 'Preferred Option' and the recommendations at Section 9, would be met from the Capital Programme Basic Need Grant for 2013-14 and 2014-15. The construction budget is capped and should tenders come in above the budget sum, the design team will work with the school to carry out a value engineering exercise to bring the scheme within budget.

- 8.1.2 Detailed finance and whole-life costing information is contained within Section 2.1 Finance and Whole-Life Costing of the Exempt Appendix.

8.2 Legal Implications

- 8.2.1 This procurement requirement and its associated delivery as per the preferred option highlighted at Section 4.1 and the recommendations at Section 9, has the following legal implications which the Cabinet must consider.

- 8.2.2 This project is under the EU Threshold for works and therefore the option of undertaking in line with Contract Rules only via the KCC Select List is the most suitable option for this procurement project.

- 8.2.3 The Client should note that the even though the KCC list is being utilised that upon approval of Gateway 3 all documentation must be forwarded to Legal Services to be formally completed with the Contract Completion Form signed by Category Management. This is to ensure the contract is properly logged on the Council's contract register.

8.3 Procurement Implications

- 8.3.1 This procurement requirement and its associated delivery as per the preferred option highlighted at Section 4.1 and recommendations at Section 9, has the following procurement implications - the refurbishment element of the capital works programme for Greenvale Primary School is below the EU Works Threshold, which currently stands at £4,348,350. Albeit in principle the Public Contracts Regulations 2006 (as amended) do not apply to sub threshold contracts nonetheless, the award procedures for contracts must comply with the general principles derived from the Treaty on the functioning of the European Union, as well as the Council's Contract Procedure Rules. This means that the contract should still be given a sufficient degree of advertising necessary in order to alert likely potential suppliers of the opportunity to bid.

8.3.2 Category Management supports the client department's recommendation to undertake a formal a tender as competition remains the main mechanism by which Medway Council can ensure both improvements in quality and innovation of service provision as well as value for money are achieved.

8.4 ICT Implications

8.4.1 This procurement requirement does not have any ICT implications.

9. Recommendations

9.1 Cabinet is asked to approve the commencement of the procurement process at Gateway 1 on the basis set out in paragraph 3.10 of the report, for progression to Gateway 2 of the procurement process and invite tenders for the building works.

10. Suggested reasons for decision(s)

10.1 The refurbished accommodation is required to enable the school to expand by 2FE. The budget for these works was approved by Cabinet on 12 June 2012 (decision 85/2012).

Lead officer contact

Name	Sarah Woods	Title	Interim Programme Manager
Department	School Organisation Team	Directorate	Children & Adults
Extension	2116	Email	Sarah.woods@medway.gov.uk

Lead officer contact

Name	Susan Goss	Title	Category Specialist, Place & Projects
Service	Legal & Corporate Services	Directorate	BSD
Extension	1046	Email	susan.goss@medway.gov.uk

Background papers

The following documents have been relied upon in the preparation of this report:

Description of Document	Location	Date
Cabinet Report - decision number 85/2012	http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&Mid=2525&Ver=4	12 June 2012

Appendix 1

GREENVALE INFANT SCHOOL – ACCOMMODATION REQUIRED BY YEAR GROUP

	Sept 2012	Sept 2013	Sept 2014	Sept 2015	Sept 2016
	PAN	PAN	PAN	PAN	PAN
Nursery – FS1	60	60	60	60	60
Reception – FS2	90	120	60	60	60
Year 1	60	90	120	60	60
Year 2	60	60	90	120	60
Number of classrooms needed each year	7	9	9	8	6

