

CABINET

29 OCTOBER 2013

GATEWAY 3 CONTRACT AWARD: GREENVALE INFANT SCHOOL - PHASE 3 WORKS

Portfolio Holder: Councillor Mike O'Brien, Children's Services (Lead Member)

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Summary

This report seeks permission from the Cabinet to award a contract to the supplier as highlighted within 2.5.1 of the Exempt Appendix.

This is based upon the recently undertaken procurement process for the new build extension for the entrance and administration and a review of the existing accommodation to allow for extra classrooms.

The Cabinet approved the commencement and delivery of this procurement requirement at Procurement Gateway 1 on 6 August 2013.

The approved Procurement Gateway 1 Report relating to this Gateway 3 report is available upon request.

This Procurement Gateway 3 Report has been approved for submission to the Cabinet after review and discussion at Children and Adults Directorate Management Team meeting on 1 October 2013 and Procurement Board on 15 October 2013.

1. Budget and Policy Framework

1.1 Contract Award Decision

- 1.1.1 The decision to award a contract to the supplier as highlighted within 2.5.1 of the Exempt Appendix for this procurement requirement is within the Council's policy and budget framework and ties in with all the identified Core Values, Strategic Priorities, Strategic Council Obligations and Departmental/Directorate service plans as highlighted within the Procurement Gateway 1 Report.

1.2 Statutory Requirements

- 1.2.1 This project supports the Council's School Organisation Plan 2011 – 2016, approved by Cabinet on 12 June 2013 (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 and Inspections Act 2006.

2. Background

2.1 Permission Required from Cabinet

- 2.1.1 This Procurement Gateway 3 Report seeks permission from the Cabinet to award a contract to the supplier as highlighted within 2.5.1 of the Exempt Appendix.
- 2.1.2 This is based upon the recently undertaken procurement exercise for works using the KCC select list.

2.2 Contract Details

2.2.1 Procurement type

The proposed award of the contract to the supplier as highlighted within 2.5.1 of the Exempt Appendix relates to: a Works/Construction procurement requirement.

2.2.2 Contract duration

The proposed contract duration for this procurement requirement is 26 weeks with provisions to extend the contract. The contract is proposed to commence on 2 January 2014 and conclude on 2 July 2014.

2.2.3 Contract value

The total contract value associated with this contract is outlined in the Exempt Appendix.

2.3 Procurement Tendering Process

- 2.3.1 In line with Medway Council's Contract Procedure Rules this procurement requirement was subjected to

An Invitation To Tender document was issued to seven companies of a comparable stature, using the Council's Invitation To Tender document on 27 August 2013.

This was due to the associated total contract value of this contract being below the EU Procurement Threshold of £4,348,350.00 for Works and was approved by the Monitoring Officer in consultation with the Procurement Board at Gateway 1.

The decision as to how it was determined that all companies invited to tender were of a comparable stature was based upon all companies being on the KCC Select List for this value band of work.

The deadline for return of tenders was 12:00 on 19 September 2013. The Exempt Appendix highlights that six tenders were received by the prescribed time and date within the Invitation To Tender document.

After a compliance check against the instructions set out in the Invitation To Tender document, there one compliant tender and 5 non-compliant tenders received, recorded and opened by officers from category management and the Building Design Services team on 19 September 2013 at 12:00.

The evaluation criteria set within the Invitation To Tender document was Most Economically Advantageous Tender (MEAT) based upon a composite mixture of quality and price 20% for quality and 80% price equating to 100% in total.

After a compliance check against the instructions set out in the Invitation To Tender document, the single compliant submission was evaluated. The results of this evaluation process are set out in the Exempt Appendix.

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 Options Resultant From Procurement Tender Process

This procurement tendering process has resulted in the following procurement contract award options:

3.1.1 Do not award any contract and cancel procurement process

The option of not awarding any contract and cancelling the procurement process has been considered but there is no justification for not awarding this contract as it provides best value and has been delivered in accordance with the original advertisements and associated procurement documentation and therefore this option has been discounted.

3.1.2 Award contract to the contractor as highlighted within the Exempt Appendix.

The option of awarding the contract to the contractor as highlighted within the Exempt Appendix has been considered and below is the advantages and disadvantages of this option.

Advantages

- The contractor will carry out the works for a new build extension for the entrance and administration and a review of the existing accommodation to allow for two extra classrooms.
- The Council will have greater cost certainty following the tender exercise.

Disadvantages

- None

3.1.3 Other alternative options

No alternative options have been identified.

4. Advice and analysis

4.1 Preferred option

Further to an extensive review of procurement contract award options as highlighted within Section 3 'Options' above, the following preferred procurement award option is recommended to the Cabinet including justification for this recommendation.

The recommended preferred option is to award the contract to the contractor as highlighted within the Exempt Appendix. This is the most viable option for contract award because the proposed contract award meets the requirements as set out in Section 2 'Business Case' within the Gateway 1 Report as it allows the work to go ahead and provide a new build extension for the entrance and administration and a review of the existing accommodation to allow for two extra classrooms.

4.1.1 Procurement Project Outputs / Outcomes

The following procurement outcomes/outputs identified as important at Gateway 1 to the delivery of this procurement requirement have been appraised in the table below to demonstrate how the recommended procurement contract award will deliver said outcomes/outputs.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?	How will recommended procurement contract award option deliver outputs/outcomes
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.	The preferred contractors have experience of delivering within stipulated timescale and a budget allocated
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.	The preferred contractors have extensive experience of working within school environments
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	The specification included in the tender includes the key objectives outlined for delivery, which will be undertaken by the contractor.

4.1.2 Procurement Project Management

This procurement project will be taken through the remainder of the Gateway Procurement Process through the utilisation of the following project resources and skills:

The School Organisation Team has the resources in place to act as Client for the project. They will be supported by a project delivery design team of external consultants appointed by Building and Design Services and will be led by a Building

and Design Services Project Manager. Category Management will support the procurement process.

4.1.3 Post Contract Award Contract Management

The contract management will be managed and monitored by Building Design Services Project Manager and a cost consultant. They will ensure the work is progressing on time and within budget and provide quality assurance for the process.

The School Organisation Team will monitor the work of the project team and complete the financial monitoring. Progress reports will be presented to Education Capital Programme Board at key milestones and reporting to Members will be through the capital monitoring reports to Cabinet.

4.1.4 TUPE Issues

Further to guidance from Legal Services, Human Resources and the Category Management Team, it was identified at Gateway 1 that TUPE does not apply to this recommended procurement contract award as this is a Works related procurement with no Services related implications.

5. Risk Management

5.1 Risk Categorisation

The following risk categories have been identified as having a linkage to this recommended procurement contract award:

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

For each of the risks identified above, further information has been provided below.

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	B	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.
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6. Consultation

6.1 External Stakeholder Consultation

- 6.1.1 Before commencement of the procurement process in order to direct the specification external stakeholder consultation with Greenvale Infant School Head teacher representative was undertaken.
- 6.1.2 During the procurement process in order to aid the evaluation process the following external stakeholder was consulted: NJC (UK) Ltd Cost Consultant, Nick Chaplin.
- 6.1.3 Post procurement/tender award in order to aid the contract management process the following external stakeholders were consulted: Greenvale Infant School Head teacher and NJC (UK) Ltd Cost Consultant, Nick Chaplin.

7 Procurement Board

- 7.1 The Procurement Board considered this report on 15 October 2013 and supported the recommendation set out in paragraph 9 below.

8 Financial and legal implications

8.1 Financial Implications

- 8.1.1 This recommended procurement contract award as per the preferred option highlighted at Section 4.1 'Preferred Option' and the recommendations at Section 9, has the following financial implications which the Cabinet must consider: the full budget for the project will be covered by a Basic Need Grant and has been approved by the finance department.
- 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 that accompanies this report.

8.2 Legal Implications

- 8.2.1 This recommended procurement contract award per the preferred option highlighted at Section 4.1 'Preferred Option' and the recommendations at Section 8, has the following legal implications which the Cabinet must consider:

This award is via the KCC Select list for works under the EU Threshold. The select list has been used in line with its instructions and therefore the award is in line with Contract Rules so there are no legal implications.

The client department is reminded that upon approval of this report all documentation relating to this award must be issued to Legal Services so that the formal contract award can be completed and a Deed of Agreement issued for completion.

8.3 Procurement Implications

- 8.3.1 This recommended procurement contract award as per the preferred option highlighted at Section 4.1 'Preferred Option' and the recommendations at Section 9, has the following procurement implications which the Cabinet must consider:

The project procurement comments can be found in the exempt appendix.

8.4 ICT Implications

- 8.4.1 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 'Recommendations', has the following ICT implications which the Cabinet must consider:

Any planned building work which involves the relocation of ICT services will need an ICT Project Manager to be involved at an early stage to ensure ICT requirements are planned and budgeted for, and included within the plans prior to work commencing. Any changes to the existing IT as a result of the building works must be considered before building work commences. Any disruption to existing ICT services during building work must be avoided, or included within the plan and agreed with the school.

9. Recommendations

- 9.1 The Cabinet is requested to approve the procurement contract award to the contractor as outlined within Section 2.5 'Procurement Contract Award Recommendation' of the Exempt Appendix.

9. Suggested reasons for decision(s)

- 10.1 The recommendations contained within Section 9 'Recommendations' above are provided on the basis that the project will deliver the objectives outlined in the business case and summarised in Section 4.1, to support 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 the Chatham area.

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Background papers

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

Description of document	Location	Date
Gateway 1 Report Gateway 1 Procurement Commencement: Greenvale School Refurbishment Phase 3	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=20918	6 August 2013
Tender Report for Greenvale Phase Three (EXEMPT)	Available end of September 2013	