

CABINET

11 FEBRUARY 2014

GATEWAY 1 PROCUREMENT COMMENCEMENT: NAPIER SCHOOL EXPANSION WORKS

Portfolio Holder: Councillor Mike O'Brien, Children's Services (Lead Member)
Report from: Barbara Peacock, Director of Children and Adults Services
Author: Laura Johnstone, Capital Programme Officer
Debbie Wright, Category Lead - People

Summary

This report seeks permission for the commencement of the procurement process for the expansion works needed to allow for an additional key stage 2 classroom from September 2015 at Napier School.

This Gateway 1 report has been approved for submission to Cabinet after review and discussion at Children's and Adult's Directorate Management Team meeting on 21 January 2014 and the Procurement Board on 22 January 2014.

The Children's and Adult's Directorate Management Team has recommended that this procurement project be approved as a Category B High Risk procurement project at Procurement Gateway 1 by the Cabinet.

1. Budget and Policy Framework

1.1 Service Background Information

This project supports the Council's School Organisation Plan 2011 – 2016, approved by Cabinet on 1 November 2011 (decision 142/2011), which highlights the need for more pupil places in Gillingham. The Council has a statutory duty to ensure there are sufficient school places as set out in the Education & Inspections Act 2006.

1.2 Councils Strategic Priorities And Core Values

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 Napier 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 of approved contractors selected from the Kent County Council Select List on the basis of a minimum ratio of 40% quality and 60% price.

Strategic Priorities

- Safe, clean and green Medway.

This project will deliver against the Strategic Priority of 'Safe, clean and green Medway' through the delivery of investment in Medway School buildings to provide 21st Century accommodation in order to achieve and succeed in learning.

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

This project will deliver against the Strategic Priority of 'Children and young people having the best start in life in Medway' through the delivery of suitable accommodation for the expansion of Napier School.

- Everybody travelling easily and safely around Medway.

This project will deliver against the Strategic Priority of 'Everybody travelling easily and safely around Medway' through ensuring there is suitable primary school provision throughout Medway, so that parents and children have a shorter journey to school.

- Everyone benefiting from the area's regeneration.

This project will deliver against the Strategic Priority of 'Everyone benefiting from the area's regeneration' through increasing the capacity for local education.

1.3 Strategic Council Obligations

The procurement of this requirement directly links into the following Strategic Council Obligations:

- Medway Council Plan

See reference to Council's School Organisation Plan 2011 – 2016 in paragraph 1.1 above.

- Other Strategic Council Obligations

See reference to Council's School Organisation Plan 2011 – 2016 in paragraph 1.1 above.

1.4 Departmental and Directorate Service Plans

See reference to Council's School Organisation Plan 2011 – 2016 in paragraph 1.1 above

2. Background

2.1 Project Details

2.1.1 This procurement is a Works/Construction procurement requirement.

2.1.2 This report seeks permission to commence a new procurement project with a proposed contract duration of 24 weeks.

The contract is proposed to commence July 2014 and conclude January 2015.

The finance allocation for this new procurement contract is defined in the exempt appendix.

2.1.3 This project is required to fulfil Medway's statutory obligations. These statutory obligations are:

- The Council has a statutory duty to ensure there are sufficient school places as set out in the Education & Inspections Act 2006.

2.2 Business Case

Consultation has already taken place as part of the normal round of admissions changes to increase the PAN at Napier School from 60 to 90, this meant an additional 30 places were available in reception from September 2013. Initially no additional accommodation was required to facilitate this move, as it would take seven years for the school to fill to capacity. This allowed time for the Council to assess when any additional accommodation would be required here. Current forecasts indicate that an additional classroom is required for the academic year 2015-16; this will be created from a re-configuration within the site's current buildings.

An allocation has been identified to provide the additional accommodation required for the academic year 2015. A feasibility study has been undertaken that has highlighted the shortfall in the current accommodation, in line with the DfE Building Bulletin guidance.

Two options have been developed which deliver these requirements (see exempt appendix). Both options locate the key stage 2 class within the current body of the school, and relocate the nursery class to a new build extension either at the front or rear of the school.

Preferred option

Option 1 is the preferred option of the design team and the school (Appendix 1). The location of the key stage 2 class meets the schools needs whilst the extension continues to provide integration for nursery and reception classes internally and externally. The new location

provides improved accessibility for nursery parents at drop off/pick up times, is least disruptive to teaching and learning and mitigates the repositioning of canopies, fixed equipment and associated works.

Both cost estimates exceeded the budget estimate, value-engineering options will be identified before going out to tender.

2.2.1 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

2.2.2 Procurement Project Management

This procurement project will be resourced through the following project resources and skills

- Laura Johnstone, Capital Programme Officer
- Robert Banks, Project Manager
- Fulkers – Architects
- NJC – Quantity Surveyor

2.2.3 Post Procurement Contract Management

The contract management of this procurement project post award will be resourced through the following contract management strategy:

- Laura Johnstone, Capital Programme Officer
- Robert Banks, Project Manager
- Fulkers – Architects
- NJC – Quantity Surveyor

2.2.4 TUPE Issues

Further to guidance from Legal Services, Human Resources and Category Management, it has been identified that TUPE does not apply to this procurement process. This is because it is a Works/Construction procurement.

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 school needs to expand to cope with increasing pupil numbers.

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.

3.4 Procurement via an EU compliant framework

The value of the procurement is not sufficiently high to require use of an EU framework.

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 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 and at Procurement Board it was agreed that the opportunity with utilise suppliers from the KCC Select List as well as being advertised in the open market. The project will utilise Medway Building Design Services to manage and deliver the project.

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 are not appropriate.

3.10 Procurement via a below EU Threshold Select List

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

- Seeking tenders from the open market increases competition and ensure best value (most economically advantageous) tender is received.

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

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

The preferred option is 3.10, using the Kent County Council Select List and to advertise the opportunity on the open market, 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

A review of tenders Equality policy 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

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. Sustainability will be covered within the quality criteria during the tender process.

4.4 Carbon Reduction Commitment Energy Efficiency Scheme (CRC)

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	<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 checked="" type="checkbox"/>

For each of the risks identified above in OPTION B, 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	A	II	Projects are planned with Procurement and Cabinet dates in mind to minimise delays
b) Contractual delivery	Failure of contractor to deliver contractual arrangements	D	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	II	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	B	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	C	II	Detailed investigative work prior to the tendering of works undertaken to highlight any issues.

6. Consultation

6.1 Internal (Medway) Stakeholder Consultation

6.1.1 Before commencement of the procurement process in order to direct the specification it will be required to consult with Category Management, Building Design Services and Section 151 Officer in order to direct the specification and aid the evaluation process.

6.1.2 During the procurement process and post procurement tender process it will be required to consult Category Management and BDS in order to aid the design and evaluation process.

6.2 External Stakeholder Consultation

6.2.1 Before commencement of the procurement process in order to direct the specification external stakeholder engagement is required with:

- South Thames Gateway Building Control
- Napier School Head Teacher

6.2.2 During the procurement process in order to aid the evaluation process the Building 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 gateway reviews including performance monitoring with the contractors and all parties to the delivery process. There will be monthly valuations and strict change control processes along with regular progress reporting to Children's & Adults Capital Programme Cabinet Advisory Group.

There will be regular consultation with staff at the school.

7. Financial and legal implications

7.1 Financial Implications

7.1.1 It is intended that 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, will be met from Basic Need Grant and will be included in the draft capital programme for consideration by Council at its budget setting meeting on 20 February 2014.

7.2 Legal Implications

There are no legal implications associated with the proposed recommendation. This is because the proposed procurement is below the EU threshold for works contracts (currently £4,322,012).

7.3 Procurement Implications

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, has the following procurement implications which the Cabinet must consider:

The preferred option for this project is a single stage Design and Build tender utilising the Kent County Council Select List, and advertising the opportunity to the open market. (see item 3.10 (2) above).

7.4 ICT Implications

This procurement requirement does not have any ICT implications.

8 Procurement Board

8.1 The Procurement Board considered this report on 22 January 2014 and supported the recommendation as set out in section 9 below.

9 Recommendations

9.1 Cabinet is asked to approve this Gateway 1 High Risk Report for progression to Gateway 2 of the procurement process and invite tenders for the building works in line with the preferred option, as set out in 4.1 of the report.

10 Suggested reasons for decision(s)

- 10.1 The recommendations contained within Section 9 'Recommendations' above are provided on the basis of granting permission to commence the procurement of the permanent expansion of Napier School Expansion Works to accommodate the children's school intake for September 2015.

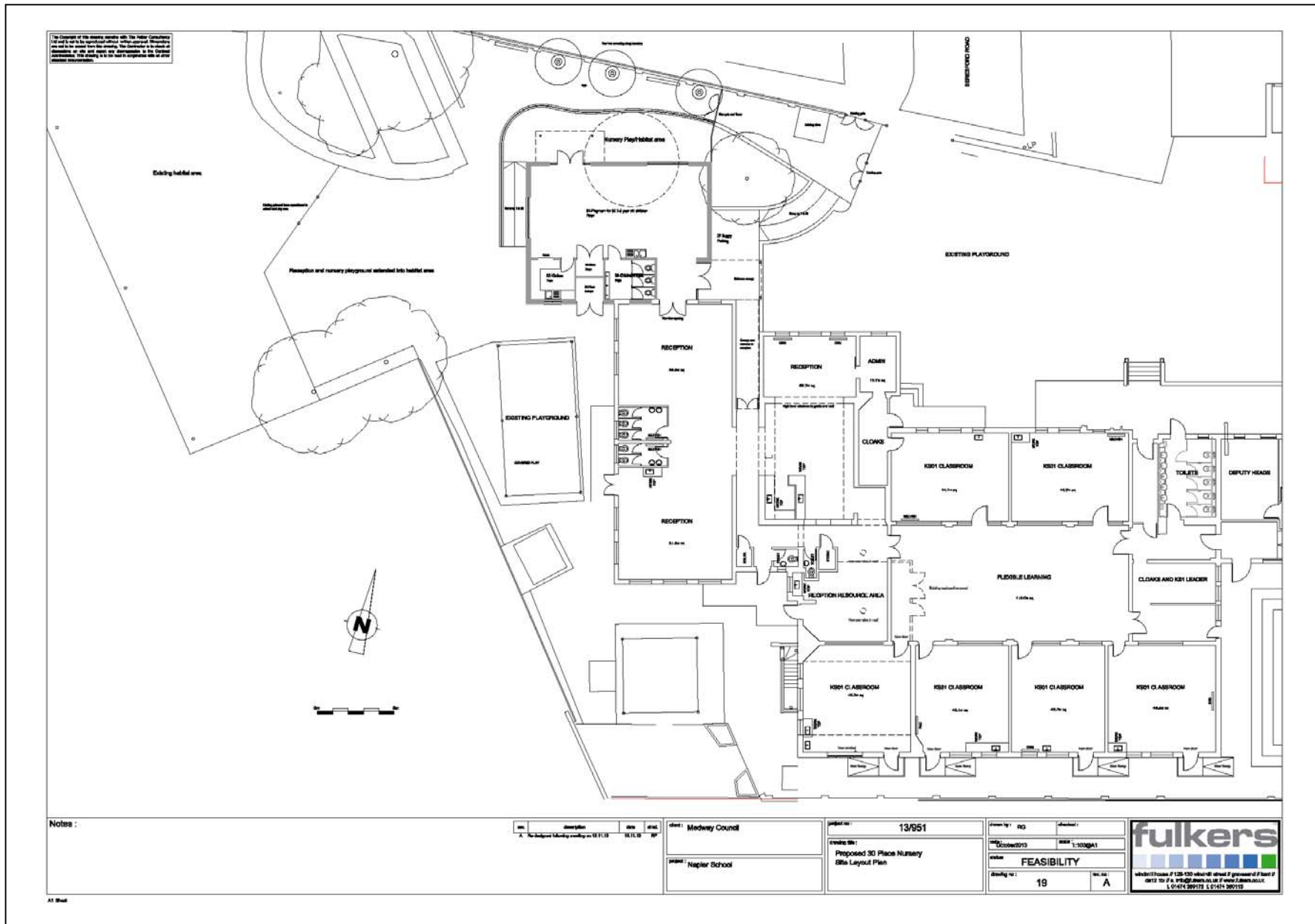
Lead officer contact

Name	Laura Johnstone	Title	Capital Programme Officer
Department	School Organisation Team	Directorate	Children & Adults
Extension	4401	Email	laura.johnstone@medway.gov.uk

Background papers

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

Description of document	Location	Date
Report to Cabinet: School Organisation Plan 2011 – 2016	http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2335&Ver=4	1 November 2011
Report to Cabinet: Proposals for the Development of Additional Primary Age provision in Gillingham	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=18736	15 January 2013
Building Bulletin 99: Briefing Framework for Primary School Projects	http://webarchive.nationalarchives.gov.uk/20130401151715/https://www.education.gov.uk/publications/standard/publicationDetail/Page1/BB-99	December 2005



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At Scale

