

## **CABINET**

**10 JUNE 2014**

### **GATEWAY 3 CONTRACT AWARD: WILL ADAMS PUPIL REFERRAL UNIT**

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

Report from: Barbara Peacock, Director of Children and Adult Services

Author: Beatrice Sarpong, Interim Capital Project Officer  
Phil Tucker, Interim Capital Programme Manager  
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#### **Summary**

This report seeks permission to award a contract to the supplier as highlighted within Section 3.2 of the Exempt Appendix. The Cabinet approved the commencement of this requirement at Gateway 1 on 17 December 2013.

This Gateway 3 Report has been approved for submission to the Cabinet Procurement Board after review and discussion at the Children and Adults Directorate Management Team Meeting on 13 May 2014 and the Procurement Board on 20 May 2014.

#### **1. Budget and policy framework**

- 1.1 This project supports the Council's School Organisation Plan 2011 – 2016, approved by Cabinet on 1 November 2011 (decision number 143/2011). The Council Plan 2013-2015 includes the following priority: Children and young people have the best start in life in Medway.
- 1.2 Following approval of the Outline Business Case and the recommendations of Gateway 1, officers have developed the design and now report to Cabinet for approval in compliance with the Council's procurement rules.

#### **1.3 Background Information**

- 1.3.1 Ofsted has previously criticised the Will Adams Pupil Referral Unit (PRU) and Local Authority for the suitability of the current accommodation, which prevents full curriculum entitlement and

development. This leaves the PRU vulnerable to an Ofsted category of 'special measures'.

- 1.3.2 There is a significant pressure for places for students excluded from mainstream secondary schools at Key Stage 4.
- 1.3.3 The outline business case presented to Cabinet in October 2013 set out a number of options for consideration, and recommended that Option 8 delivered the best compromise between the funding identified at that time and the accommodation requirements. It was recorded that this option did not address all the identified requirements discussed with the Headteacher in developing the scheme and it was agreed by Members that every effort would be made to include additional elements prior to the tendering process being finalised. The additional works, requested by the school would include the following:
  - A fully covered link between the Summit House and the existing Will Adams buildings. This was requested due to concerns about potential safeguarding issues and overall site security.
  - Additional external landscaping works to bring into use an area behind the school for recreation. External space on site is very limited, and without this space the provision would be less than the minimum area recommended in the DfE Guideline BB102. The additional area will also provide a suitable space for challenging children to play in a secure environment.
- 1.3.4 Cost estimates were developed during the initial options appraisal stage and were presented for approval at Gateway 1 (GW1). Permission was granted at GW1 to fully develop the design and to undertake a tender exercise in accordance with EU rules and Medway Council's internal procurement processes and contract rules.
- 1.3.5 Subsequent to the GW1 the Council has received confirmation of capital allocations for 2014/15. In setting the overall programme against agreed priorities it has been identified that additional funding is available to support the Will Adams project, and Council has approved this in setting the budget for 2014/15. This additional funding is sufficient to include the additional areas described above.
- 1.3.6 As a result this report is recommending that these additional works should be undertaken in addition to the Option 8 proposals. The financial aspects of this are included in Section 2 of the Exempt Appendix.
- 1.3.7 Therefore, this project will deliver the following improvements to Will Adams Pupil Referral Unit:
  - Internal and external refurbishment works to the Will Adams PRU existing building
  - Internal refurbishment works to Summit House.
  - Internal refurbishment works to Outreach Centre

- External works to Outreach Centre, including replacement windows, internal wall reinforcements to protect walls against vandalism, which may result from end users, upgrade to existing external ramp.
- A fully enclosed weatherproof link between Will Adams PRU and Summit House.
- Agreed enhancement to main entrance to improve security.
- An extended 5-a-side- football pitch.
- Additional external works to the field and landscaping to provide extended playing field in keeping with BB102 guidance for a school with 100 pupils to provide nearer to the 5,000sqm of playing field identified as the requirement.

#### **1.4 Funding/Engagement from External Sources**

1.4.1 Not applicable to this procurement.

### **2. Procurement process**

#### **2.1 Procurement Process Undertaken**

2.1.1 The procurement process undertaken was an open invitation to tender through the Kent Business Portal. Procurement Board made this recommendation to offer this contracting opportunity to the widest local supply chain. On other occasions a restricted tender list had resulted in an unsatisfactory response.

2.1.2 The tender documentation was developed and the consultant Quantity Surveyor divided the return into two parts to enable the prices to be evaluated in relation to the original option approved at gateway 1 and the additional works required. The evaluation process therefore was to indicate the most economically advantageous tender for the original proposed scheme, Option 8 and Option 8 plus additional works.

#### **2.2 Evaluation Criteria**

2.2.1 The evaluation criteria used was 60% quality and 40% cost. Based on this the most economically advantageous submission for delivering the whole Will Adams project (which includes the additional works), a preferred bidder has been identified.

### 3. Business Case

#### 3.1 Delivery of 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.

<b>Outputs / Outcomes</b>	<b>How will success be measured?</b>	<b>Who will measure success of outputs/ outcomes</b>	<b>When will success be measured?</b>	<b>How will recommended procurement contract award deliver outputs/outcomes?</b>
Cost savings on reducing need for out of area placements	Number of Out Of Area placements	Education Service	Quarterly/annually	The recommended award will ensure that the Council is not paying in excess of £16k per day to relocate 40 pupils to other services.
Single site – reduction in transport requirements	Reduced transport costs	Education Services	Quarterly/annually	Will ensure that all of educational provision will be located in close proximity of the existing site.
Improved quality of accommodation and curriculum delivery	Better Ofsted report	Ofsted	Annually	The proposals will help to ensure an improvement in curriculum delivery and quality of accommodation.

## 4. RISK MANAGEMENT

### 4.1 Risk Categorisation

<b>1. Risk Category:</b> Procurement process	<b>Likelihood:</b> High	<b>Impact:</b> Critical
<b>Outline Description:</b> Council decision making process affects programme, resulting in programme delays and cost increases		
<b>Plans to Mitigate:</b> Projects are planned with Procurement and Cabinet dates in mind to minimise delays		
<b>2. Risk Category:</b> Contractual delivery	<b>Likelihood:</b> Low	<b>Impact:</b> Critical
<b>Outline Description:</b> Failure of contractor to deliver contractual arrangements		
<b>Plans to Mitigate:</b> Inclusion of Contract monitoring procedures within the contract documents. Default clauses are part of the contract documentation.		
<b>3. Risk Category:</b> Service delivery	<b>Likelihood:</b> Significant	<b>Impact:</b> Critical
<b>Outline Description:</b> Lack of specified performance		
<b>Plans to Mitigate:</b> A detailed specification with key milestones and performance indicators.		
<b>4. Risk Category:</b> Reputation / political	<b>Likelihood:</b> Significant	<b>Impact:</b> Marginal
<b>Outline Description:</b> Negative publicity as a result of poor communication		
<b>Plans to Mitigate:</b> Project specific communications plan has been developed		
<b>5. Risk Category:</b> Health & Safety	<b>Likelihood:</b> Low	<b>Impact:</b> Catastrophic
<b>Outline Description:</b> Construction works in close proximity to other site users, resulting in disruption, injury or worse		
<b>Plans to Mitigate:</b> Contractor to provide clear & concise H&S procedures, with close liaison with other site users. CDM Co-Coordinator to review measures taken		
<b>6. Risk Category:</b> Financial	<b>Likelihood:</b> Low	<b>Impact:</b> Critical
<b>Outline Description:</b> Possibility of unforeseen costs identified		
<b>Plans to Mitigate:</b> Detailed investigative work prior to the tendering of works undertaken to highlight any issues.		



## **5. Service comments**

### **5.1 Financial Comments**

5.1.1 The procurement requirement and its associated delivery (as per the recommendations at Section 8, will be funded from the Basic Need Grant and a sum of £1,175,000 has been allocated within the Capital Programme agreed at Full Council on 20 February 2014.

5.1.2 Further detail is contained within Section 2.1 Financial Analysis of the Exempt Appendix.

### **5.2 Legal Comments**

5.2.1 The proposed works are below the EU procurement financial threshold for this type of works, and thus there is no need to use an OJEU notice in this instance.

5.2.2 However, the 2006 Regulations do require that procurement exercises to which the formal procedures do not apply should still follow the principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality, and following an open invitation to tender procedure and advertising on the Kent Business Portal, gives a high level of confidence that these principles have been complied with.

5.2.3 The proposed procedure also gives a high degree of confidence that the Council's primary objectives for procurement set out in the Contract Procedure Rules (CPRs) are met (Rule 1.2.1).

5.2.4 The proposed procurement process is a high risk, Category B procurement within the meaning of the CPRs (Rule 2.4) and the procedure followed thus far complies with the requirements of Rule 2.4.

5.2.5 Rule 3.3 of the CPRs sets out the advertising requirements for this type of procurement. This provides that the procurement must be advertised on the Kent Business Portal and the Council's website, in addition to the OJEU notice which was filed.

### **5.3 TUPE Comments**

5.3.1 Not Applicable

### **5.4 Procurement Comments**

5.4.1 The Will Adams PRU was tendered in line with the Council's contract procedure rules and was under the OJEU threshold for works. To ensure that the programme is delivered on or before the target date of 17 December 2014, approval is required from Cabinet in June 2014. Two options have been highlighted within the exempt appendix for Cabinet to approve what works should be carried out.

## 5.5 ICT Comments

5.5.1 Any building work should take consideration of the network connectivity currently provided to Will Adams. Any disruption to service will not only affect Will Adams, but it will affect Summit House and also Woodlands Youth Centre. Care must be taken not to disrupt any ICT services provided.

## 6. Other information

6.1 N/A

## 7. Procurement Board

7.1 The Procurement Board considered this report on 20 May 2014 and supported the recommendation set out below.

## 8. Recommendation

8.1 The Cabinet is requested to approve the procurement contract award to the Contractor outlined in section 3.2.1 of the Exempt Appendix for the delivery of Option 8 plus the following additional works:

- A fully covered link between the Summit House and the existing Will Adams buildings;
- Additional external landscaping works.

## 9. Suggested reasons for decision

9.1 The recommendation is made on the basis that the recommended tenderer has submitted the most beneficial tender in terms of both quality and cost.

### LEAD OFFICER CONTACT:

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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	<a href="http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11973">http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11973</a>	17/12/13
Outline Business Case	<a href="http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11513">http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?IId=11513</a>	29/10/13