

CABINET

2 DECEMBER 2014

GATEWAY 3 CONTRACT AWARD: DANECOURT COMMUNITY SPECIAL SCHOOL - EXPANSION WORKS

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

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

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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 15 July 2014.

This Gateway 3 Report has been approved for submission to the Cabinet after review and discussion at the Children and Adults Directorate Management Team Meeting on 28 October 2014 and Procurement Board on 5 November 2014.

1. BACKGROUND INFORMATION

1.1 Budget & Policy Framework

1.1.1 This project will be funded from the Targeted Basic Need Grant Scheme, developer contributions and a contribution from the school's own capital funds.

1.1.2 This project will support the Council's Special Educational Needs Strategy 2009 – 2014 which states that wherever possible the special education needs of children in Medway will be met so they are able to learn and achieve in local provision.

1.2 Background Information

1.2.1 Medway has agreed the principle that the trend to place children out of area or in independent provision should be reversed where possible

and aims to educate as many children as possible close to where they live and to reduce the number of children and young people being educated outside of mainstream or local maintained special schools.

- 1.2.2 Danecourt Community Special School is an outstanding school for pupils aged 4-11 with moderate learning difficulties and complex autistic spectrum disorders. In recent years the needs of new pupils attending Danecourt have become more complex, and in reality many pupils have very complex MLD (bordering/crossing over to SLD).
- 1.2.3 The school was originally built in the 1950s and over time additional spaces have been added to accommodate additional pupils. There are constraints with the size of the overall accommodation and specific spaces, for example the hall and staff areas.
- 1.2.4 Pupils at Danecourt achieve well and make very good progress. The school has been judged 'Outstanding' at the last inspection in October 2012. In recent years there has been a significant growth in the number of primary age pupils with MLD (80% growth in 4 years) and ASD (88% growth in 4 years) and we expect numbers to continue to rise. Danecourt is in most cases the only school in Medway able to meet these needs.

2. PROCUREMENT PROCESS

2.1 Procurement Process Undertaken

- 2.1.1 The procurement process followed an open procedure (non-OJEU) via the Kent Business Portal, in line with the Council's Contract Procedure Rules.
- 2.1.2 The opportunity was published on the portal on 22 August and 6 tenders were returned on 30 September, one of which was non-compliant. 43 contractors originally expressed an interest in the opportunity. The main reason for the low response was contractors' existing workload being too high.

2.2 Evaluation Criteria

- 2.2.1 The evaluation criteria set was Most Economically Advantageous Tender (MEAT), based upon a mixture of quality and price. The ratio used was 70% quality and 30% price.
- 2.2.2 The bidding contractors were invited to submit tender prices based on the indicative programme issued in the tender documents, as well as submitting an alternative programme they felt could be adopted if it were to offer additional efficiencies, whilst maintaining quality standards.
- 2.2.3 The table shown in section 3.1 of the exempt appendix shows the submitted tender values and the overall tender scores.

3. BUSINESS CASE

3.1 Delivery of Procurement Project Outputs / Outcomes

3.1.1 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 deliver outputs/outcomes?
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 contractor has experience of delivering similar projects, and the programme and prices submitted fit the preferred contract period and are within the specified budget
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 contractor has extensive experience of working within school environments, including working on another project within Medway.
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	Monitored throughout the programme by monthly site visits and contractors reports	The specification included in the tender submission includes the key objectives outlined for delivery, which will be undertaken by the contractor.
Cost savings on reducing the need for out of area placements	Number of out of area placements	Education Service	Quarterly/Annually	An increased number of children being educated in Medway

4. RISK MANAGEMENT

4.1 Risk Categorisation

1. Risk Category: Procurement Process	Likelihood: A	Impact: II
Outline Description: Council decision making process affects programme, resulting in programme delays and cost increases.		
Plans to Mitigate: Projects are planned with procurement and Cabinet dates in mind to minimise delays		
2. Risk Category: Contractual delivery	Likelihood: D	Impact: II
Outline Description: Failure of contractor to deliver contractual arrangements		
Plans to Mitigate: Inclusion of Contract Monitoring procedures within the contract documents. Default clauses are part of the contract documentation.		
3. Risk Category: Service Delivery	Likelihood: E	Impact: II
Outline Description: Lack of specified performance		
Plans to Mitigate: A detailed specification with key milestones and performance indicators		
4. Risk Category: Reputation/political	Likelihood: C	Impact: III
Outline Description: Negative publicity as a result of poor communication		
Plans to Mitigate: Project specific communications plan has been developed.		
5. Health & Safety	Likelihood: B	Impact: I
Outline Description: Construction works in close proximity to pupils, staff and visitors resulting in disruption injury or worse.		
Plans to Mitigate: Project specific communications plan has been developed. Contractor to provide clear and concise H&S procedures with close liaison with the school. CDM Co-Coordinator to review.		

6. Procurement	Likelihood: B	Impact: I
Outline Description: The construction industry upturn is causing constraints in bidding capacity and lead times for construction and supply chain		
Plans to Mitigate: Tendering to be open to market to ensure widest possible capacity is tapped into and appoint contractor at the earliest opportunity. The programme should allow a significant lead in period prior to on site to enable supply chain lead times to be managed and design issues to be resolved prior to construction		
7. Commercial	Likelihood: B	Impact: I
Outline Description: The timescale to deliver the additional capacity by September 2015 is not met. A condition of the targeted need funding is that the additional 40 places are delivered by September 2015		
Plans to Mitigate: Tendering to be open to market to ensure widest possible capacity is tapped into and appoint contractor at the earliest opportunity. The programme should allow a significant lead in period prior to on site to enable supply chain lead times to be managed and design issues to be resolved prior to construction		

5. PROCUREMENT BOARD

- 5.1 The Procurement Board considered this report on 5 November 2014 and supported the recommendation set out in section 7 below. In addition, The Procurement Board asked for further information on the ICT requirements for this project, which is set out in the Exempt Appendix.

6. SERVICE COMMENTS

6.1 Financial Comments

- 6.1.1 The procurement requirement and its associated delivery (as per the recommendations at Section 7), will be funded from an external grant from the EFA which is part of the existing capital programme.
- 6.1.2 Further detail is contained within Section 2.1 Financial Analysis of the Exempt Appendix.

6.2 Legal Comments

- 6.2.1 The contract value of the works is below the EU procurement threshold for works of £4.3 million. It is not therefore necessary to carry out an OJEU procurement process. However, the Council must still comply with the requirements of transparency, equal treatment and non-discrimination in the EU treaty. The use of the open procedure in this procurement satisfies these requirements.
- 6.2.2 As this is a high risk procurement, the decision to award the contract is a decision for Cabinet.

6.3 Procurement Comments

- 6.3.1 As per the Contract Procedure Rules under section 3.3.1: 'All requirements above £100K must be advertised on the Council's Website, the Kent Business Portal and in the OJEU (where above the EU tender thresholds for goods, services or works).'
- 6.3.2 This procurement was carried out via an open procedure (non-OJEU) via the Kent Business Portal to comply with these rules, and to support the Council's procurement strategy to provide best value.
- 6.3.3 This procurement has achieved savings on the pre-tender estimate carried out prior to inviting contractors to submit a bid for the specified works. Once let, the contract should be carefully managed to ensure the works are delivered within the price submitted.

6.4 ICT Comments

- 6.4.1 There may be significant impact on existing and additional ICT requirements. It is recommended that a project manager for ICT is appointed and this costs included within the financial requirements, to

ensure future ICT requirements for the school are scoped prior to building works taking place, and to ensure that the existing ICT services are not disrupted.

7. RECOMMENDATION

7.1 The Cabinet is requested to approve the award of the contract to carry out the expansion works at Danecourt community Special School to the contractor identified in paragraph 3.2 of the exempt appendix.

8. SUGGESTED REASONS FOR DECISION

8.1 The preferred contractor has demonstrated best value to Medway Council to deliver the new accommodation required, to enable 40 additional places to be available from September 2015.

8.2 The contract will achieve the outputs and opportunities as identified in paragraph 3 of this report.

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
Danecourt Community Special School Expansion Works Gateway 1 Paper	http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Ild=12920	15 July 2014
Special Educational Needs – An Inclusive Policy and Strategy for Medway 2009 - 2014	http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Ild=4073	26 January 2010