

CABINET

16 JUNE 2015

GATEWAY 1 PROCUREMENT COMMENCEMENT: EDUCATION CAPITAL PROGRAMME

Portfolio Holder: Councillor Mike O'Brien, Children's Services

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SUMMARY

This report seeks permission to commence the procurement of a series of contractors, and consultant design teams as required, to deliver 3 projects within the mainstream primary expansions and special schools capital programme. These projects are at Hundred of Hoo Academy, Elaine Primary School and Bligh Infant School. This Gateway 1 report has been approved for submission to the Cabinet after review and discussion at Children and Adults Directorate Management Team Meeting on 28 April 2015 and the Procurement Board on 13 May 2015.

The Children and Adults Directorate Management Team has recommended that the projects included in the programme be approved as Category B, high-risk procurements.

The political and/or service sensitivities are that the Council has a statutory duty to ensure that sufficient school places for primary education and secondary education are available for their area.

1. BACKGROUND INFORMATION

1.1 Budget & Policy Framework

1.1.1 Proposals that flow from the School Organisation Plan 2011-16 and its subsequent annual reviews are consistent with the School Organisation Plan Principles and with the Council Plan Priority of 'Children and young people having the best start in life'. The proposals will only be delivered through available funding; therefore this is a matter for Cabinet.

1.1.2 These projects will be funded from the primary Basic Need Capital Programme and developer contributions that will be received between 2015 and 2018

1.2 Service Background Information

1.2.1 The programme of projects has been included in the report at this stage, to allow a quicker route to the market once the tender documents have been produced.

1.2.2 The schools included for improvement are:

School	Scope	Start on Site	Completion
Hundred of Hoo Academy	Creation of all-through academy – primary phase	July 2015	September 2016
Elaine Primary School	1FE Expansion on the adjacent Elaine Centre site	July 2016	September 2017
Bligh Infant School	1FE expansion*	July 2017 (Infant)	September 2018

*This report only refers to Bligh Infant School, as whilst there will be a need to increase capacity at Bligh Junior School this will not be required until 2020 and will form part of a future Gateway process as funding becomes available in future years, and is therefore outside of this programme.

Hundred of Hoo Academy

1.2.3 In May 2014, under decision 96/2014, the Cabinet had approved the establishment of a primary phase at The Hundred of Hoo Academy to ensure a sufficient supply of primary school places in the Hoo St Werburgh area due to growth in the local population as a result of significant housing development. The first phase of works in the form of temporary accommodation is being prepared to enable the school to admit an additional reception class for September 2015.

1.2.4 This Gateway requests authority to commence the procurement process for the second phase of works at Hundred of Hoo which is a permanent new build to open from September 2016.

Elaine Primary School and Bligh Infant School

1.2.5 The 2014 annual review of the School Organisation Plan presented to Cabinet in September 2014 outlined the need for additional primary school places in Strood and Gillingham, caused by a combination of increased birth rates, inward movement of families and housing development schemes. Under decision 162/2014 Cabinet approved an appraisal of the options to provide sufficient primary school places in these areas.

- 1.2.6 Following the options appraisal a report was submitted to Cabinet in January 2015 when approval was given to expand the following schools and to commence the appropriate design processes when necessary;
Decision 4/2015 to expand Elaine Primary Academy by 1FE
Decision 5/2015 to expand Bligh Infant and Junior Schools by 1FE

1.3 Funding/Engagement From External Sources

- 1.3.1 These budgets have been built based on confirmed government funding allocations to be provided up until March 2018.
- 1.3.2 Every opportunity will also be taken to bid for additional funding should the opportunities arise.

1.4 Parent Company Guarantee/Performance Bond Required

- 1.4.1 A parent company guarantee will be sought where applicable

2 PROCUREMENT DEPENDENCIES AND OBLIGATIONS

2.1 Statutory/Legal Obligations

- 2.1.1 Section 14 Education Act 1996 provides that a local authority has a statutory duty to ensure that sufficient schools for providing primary education and secondary education are available for their area. Schools will not satisfy this requirement unless they are sufficient in number, character and equipment to provide the opportunity of appropriate education for all pupils

3. BUSINESS CASE

3.1 Procurement Project Outputs / Outcomes

3.1.1 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. Completion of works on time	Successful completion of all building works within the agreed programme and to the specified standard of quality	Building and Design Services	Monitored throughout the contract period and at handover and completion
2. Completion of works within the specified budget	Successful completion of the building within the budget available	Building and Design Services	Monitored closely throughout the contract period
3. Provision of additional spaces	The development of each of the schools will provide the following additional spaces: Hundred of Hoo Academy – 210 Elaine Primary School – 210 Bligh Infant School - 90	Stakeholders	Post completion

3.2 Procurement Project Management

3.2.1 Category Management will manage each of the procurement processes working with Building and Design Services and the service department

3.3 Post Procurement Contract Management

3.3.1 Building and Design Services will project manage the works at each site post procurement

4. PROCUREMENT APPROACH

4.1 Procurement Process Proposed

4.1.1 Each project will follow Open Procedures (non-OJEU) in line with the Council's Contract Procedure Rules, and the Public Contract Regulations 2015.

4.2 Evaluation Criteria

4.2.1 80% of the weighting of all tenders will be given to price and 20% to quality. This will achieve best value by ensuring that quality is protected within the content of the tender documents and by robust project management throughout.

4.2.2 All tenderers will be asked to explain fully how they intend to deliver the projects within the constraints of each programme and budget

5. RISK MANAGEMENT

5.1 Risk Categorisation

1. Risk Category: Financial	Likelihood: Low	Impact: Critical
Outline Description: Unforeseen expenditure outside the approvals, including inflation and any hitherto unknown land problems, excessive asbestos, ecological problems etc which could all add time and cost to the project.		
Plans to Mitigate: Building and Design services to work closely with the contractors to ensure any requirements for variations are considered before being approved. All relevant surveys effected at the earliest stage to identify any potential problems. The design will be targeted to manage costs within the budget.		
2. Risk Category: Service Delivery	Likelihood: Low	Impact: Critical
Outline Description: Provisions are not complete within the required timeframes		
Plans to Mitigate: Detailed procurement and project programme to be adhered to ensure deadlines are met and stakeholders are engaged throughout.		
3. Risk Category: Health and Safety	Likelihood: Low	Impact: Critical
Outline Description: Possible risk of safety to pupils and staff during the works phase		
Plans to Mitigate: Due diligence will be carried out during the tender stage to ensure capability of contractor; contractor to provide clear health and safety procedures with close communication with the school; contractor or CDM Co-ordinator to carry out risk assessment of the work processes and site throughout the contract period.		
4. Risk Category: Financial	Likelihood: medium	Impact: Critical
Outline Description: A change in government direction or policy could affect funding allocations, meaning less funding is available than currently expected		
Plans to Mitigate: Plan projects in line with available funding, which is secure for these projects, and plan for future projects to be phased accordingly.		

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 necessary to consult with Category Management, Building Design Services and Section 151 Officer in order to direct specification and aid the evaluation process.
- 6.1.2 During the procurement process and post procurement tender process it will be necessary to consult Category Management and Building Design Services in order to aid the design and evaluation process.

6.2 External Stakeholder Consultation

- 6.2.1 Before commencement each procurement process in order to direct the specification external stakeholder engagement is required from:
- STG Building Control
 - Head Teachers and Governors from each school
- 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.
- 6.2.3 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 the Children and Adults Programme Capital and Property Board and Cabinet Advisory Group.
- 6.2.4 The schools will play an integral part of the design process and the staff and pupils will be involved in all stages of the project design and delivery.

7. PROCUREMENT BOARD

- 7.1 The Procurement Board considered this report on 13 May 2015 and supported the recommendation as set out in paragraph 9 below.

8. SERVICE IMPLICATIONS

8.1 Financial Implications

- 8.1.1 The procurement requirement and its associated delivery (as per the recommendations at Section 10), will be funded from the existing Capital Programme.
- 8.1.2 Further detail is contained within Section 2.1 Finance Analysis of the Exempt Appendix.

8.2 Legal Implications

- 8.2.1 The individual proposed procedures are expected to fall below the EU threshold and therefore an OJEU notice is not required.
- 8.2.2 The proposed procedures give a high degree of confidence that the Council's primary objectives for procurement are met, as required by Rule 1.2.1 of the Council's Contract Procedure Rules ("the CPRs").
- 8.2.3 Under the Council's Contract Procedure Rules, the proposed procurement is a Category B high-risk procurement (Rule 2.4), and the process set out in this report meets the requirements for such procurements. The proposed procurement must also be advertised on the Kent Business Portal, in compliance with rule 3.3 of the CPRs.
- 8.2.4 As this is a high risk procurement, the decision to approve this process is a matter for Cabinet.
- 8.2.5 Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.
- 8.2.6 Section 14 Education Act 1996 provides that a local authority has a statutory duty to ensure that sufficient schools for providing primary education and secondary education are available for their area. Schools will not satisfy this requirement unless they are sufficient in number, character and equipment to provide for all pupils the opportunity of appropriate education.

8.3 TUPE Implications

- 8.3.1 This is a contract for works and therefore the TUPE regulations are not applicable.

8.4 Procurement Implications

- 8.4.1 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).'
- 8.4.2 All these procurement will be carried out via an open procedure (non-OJEU) via the Kent Business Portal to comply with these rules, to adhere to the updated Public Procurement Regulations 2015, and to support the Council's procurement strategy to provide best value.
- 8.4.3 This Gateway 1 report has been submitted requesting to commence the procurement of 3 projects in the Councils Capital Programme; the intention is to streamline the approvals process for Education projects, and allow a quicker route to market as soon as the tender packs are prepared. It is assumed that each project will be procured separately, therefore will be below the EU tender threshold.

8.4.4 The budgets indicated in this report are based on feasibility studies; the Procurement Board and Cabinet will be informed of the pre-tender estimate figures as each of the projects are tendered, via reporting on the Place and Projects Forward Procurement Plan

8.5 ICT Implications

8.5.1 There may be significant impact on existing and additional ICT requirements. It is recommended that a project manager for ICT is appointed for each and this cost is included within the financial requirements, to ensure future ICT requirements for the schools are scoped prior to building works taking place, and to ensure that the existing ICT services are not disrupted.

9. RECOMMENDATION

9.1 The Cabinet is requested to approve the procurement of a series of contractors via the Kent Business Portal to deliver the improvement works at The Hundred of Hoo Academy, Elaine Primary School and Bligh Infant School.

10. SUGGESTED REASONS FOR DECISION

10.1. The accommodation is required to enable the additional spaces to be available from September 2016, and to ensure that the Council meets its statutory duty to provide sufficient school places.

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
School Organisation Plan 2011-16	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=8685	1/11/11
2014 Review and Update of the School Organisation Plan 2011-16	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=25072	30/09/14

Outcomes of options appraisal for the sufficient supply of primary school places in Strood and Gillingham	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=25910	13/01/15
Expansion of Primary School Places in Hoo St Werburgh Village	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=23737	13/05/14
2103 Review of the School Organisation Plan 2011-16	http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=20666	9/07/13