

Item No.	Classification: Open	Date: 13 th July 2016	Meeting Name: Strategic Director of Children's and Adults' Services
Report title:		Gateway 1 and 2 Procurement Strategy and Contract Award Approval Summerhouse Behavioural Support Provision: the supply and installation of a modular classroom unit	
Ward(s) or groups affected:		East Dulwich Ward	
From:		Bruce Glockling, Head of Regeneration - Capital Works	

RECOMMENDATION (S)

That the Strategic Director of Children's and Adults Services:-

1. Approve retrospectively the procurement strategies outlined in this report for contract works and services to supply and install a modular unit to provide two extra classrooms at Summerhouse.
2. Approve retrospectively the procurement of Playle and Partners for professional services to deliver a modular unit expansion on the basis of a single fee submission with due consideration given to financial capability, relevant expertise and known performance at an estimated cost of £12,000, plus surveys, investigations and statutory fees.
3. Approve the award of the contract to supply and install the modular classrooms at Summer House to Danzer Limited for the tendered sum of £154,687 under the JCT 2011 Design and Build contract amended to incorporate the Southwark amendments for a contract period of approximately 15 weeks commencing on 15 July 2016.

BACKGROUND INFORMATION

4. This report is to confirm an earlier decision to proceed with this scheme, records the process followed to date and recommends the appointment of the contractor.
5. One 1st July 2015 the Children's Services Capital Management Group approved the budget in the sum of £190,000 for the increase in capacity of the Summerhouse Behavioural Support provision by providing additional classes. See Appendix 1.
6. In order to meet the needs of children who are diagnosed with emotional and behavioural needs within the primary sector there is a need to increase the capacity of the Summerhouse Behavioural Support Provision to provide an additional class for up to 8 FTE pupils from September 2015. This expansion requires an additional classroom of a modular type within the grounds of Summerhouse.

7. An initial feasibility identified a location that, subject to the usual surveys and investigations, could accommodate the desired classrooms.
8. The site is restricted and it is not possible to complete the necessary ground works during any period other than the summer school holidays due to the lack of space whilst the school is in operation which would otherwise restrict the contractor's options to perform efficiently.
9. For speed and certainty of delivery, a single fee proposal was obtained from a consultant with a proven track record in the delivery of such schemes for the Council. This fee proposal of £11,900 for Employer's Agent, Principal Designer, and Architectural Services was assessed as being comparable to that for delivery of similar schemes and was accepted.
10. Tenders for Summerhouse would be sought from specialist suppliers of modular, pre-fabricated buildings on the Council's Approved list with due consideration given to their financial capability, relevant expertise and known performance with a minimum of five invited tenders in accordance with CSO6.
11. The estimated cost of works to supply and install the modular classroom is £150,000, with further costs in the region of £20,000 for the school to procure loose furniture and equipment, plus ICT.

Summary of the business case/justification for the procurement

12. The provision at Summerhouse is mainly preventive and demonstrates best practice in supporting children with emotional and behavioural need and preventing exclusions. The full business case is attached in Appendix 2.
13. Summerhouse's waiting list has increased significantly in recent years. In order to support other primary schools in the borough who might be excluded it has been necessary to provide one to one funding for some pupils pending the release of a place at Summerhouse. This approach is more expensive in the long run as at Summerhouse children are supported in groups, which reduces the unit cost per child.
14. The Local Authority has a statutory obligation to provide 'education other than at school' for excluded pupils.
15. The current situation is further compounded by the insufficient number of places at Beormund primary special school for children with Education, Health and Care plans for emotional needs. However, the expansion plan for Beormund School is complex and may only come to fruition 4 to 5 years from now. If Summerhouse is not expanded then there would likely be an increase in exclusions from school which will result in the Local Authority commissioning places out of borough for children with no school places.

Market considerations

16. Due to the nature of relatively minimal construction works required, specialist modular contractors are preferred. Offering the works to general contractors would increase cost and give less control on the design.

17. There are a number of suitable specialist modular contractors on the council's works approved list which is the proposed route to market.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

By using a specialist modular contractor, the Council should be able to reduce costs whilst maintaining greater design control as they will manufacture the main product directly.

18. The following options were reviewed to determine the procurement route.

Procurement Route	Comments
Do nothing	No works would have been undertaken leaving the Local Authority in the position of having to fulfil it's statutory duties in other ways which would result in less control and more expense and is likely to be less beneficial to the end user.
Framework	A review was undertaken of the available frameworks providers which identified that there was no framework provider for small scale modular building currently available.
Approved list	This complies with the council's standard contract standing orders and contains a number of proven contractors who can demonstrate providing value for money and adequate school modular units' experience.
Open tender	This option was not sought due to the restricted time scale to deliver the project.

Proposed procurement route

19. A competitive tender run using a minimum of 5 contractors from the Council's Approved List of Contractors with due consideration given to financial capability, relevant expertise and known performance..

Identified risks for the procurement

Risk No.	Identified Risk	Likelihood	Risk Control
1.	Contractor have no availability to complete the works	Low	Contractors will be approached to gauge level of interest and availability.
2.	Unable to obtain planning approval for the scheme.	Low	Planning obtained prior to engaging contractor. This however delayed the procurement of the contractor.
3.	Works will overrun	Low	Council to ensure that the internal and external resources are in place to deliver the project in a timely manner.
4.	Viability of scheme. Tenders come back higher than anticipated and	Medium	Project scheme to be benchmarked by cost manager at each stage of the design and these costs will be tested with previous

	beyond the project budget.		schemes.
5.	Inadequate cost control.	Medium	Agree cost ceilings and require the contractor to enter into a fixed price lump sum contract. The Council will only sign the construction contract if the project is within the approved budget.

Key /Non Key decisions

20. This report deals with a non key decision

Policy implications

21. This additional provision would support the Council's commitment in achieving that more children are able to fulfil their full potential and to achieve both high academic standards and personal well being. By reducing exclusions from school family stability is also promoted and the dangers of criminal activity are reduced.

Procurement project plan (Non Key decisions)

Activity	Complete by:
Approval of Gateway 1: Procurement strategy report	14/07/2016
Planning Approval obtained	23/03/2016
Completion of tender documentation	18/04/2016
Closing date for receipt of expressions of interest	21/03/2016
Completion of short-listing of applicants	05/04/2016
Invitation to tender	18/04/2016
Closing date for return of tenders	18/05/2016
Completion of clarification meetings/presentations/evaluation interviews	08/06/2016
Completion of evaluation of tenders	22/06/2016
Approval of Gateway 2: Contract Award Report	14/07/2016
Notification of implementation of Gateway 2 decision	14/07/2016
Contract award	14/07/2016
Add to Contract Register	14/07/2016
Contract start	15/07/2016
Initial Contract completion date	31/10/2016

TUPE/Pensions implications

22. Not Applicable

Development of the tender documentation

- 23. The specification and tender documents were developed by the consultant Playle and Partners LLP.
- 24. The conditions of contract will be the Council’s Standard Amendment to JCT 2011 Design and Building incorporating the Council’s standard amendments, including a provision that the contractor shall (and shall procure that its employees shall) comply with the requirements of the Employment Regulations Act 1999 (Blacklisting Regulations) and shall not during the provision of the works be a party to or concur in any discriminatory practice which could be construed as blacklisting or boycotting any person who has sought employment with the contractor.

Advertising the contract

- 25. As this is being tendered through the Council’s Approved Works List there is no requirement to further advertise the contract under the council’s contract standing orders.

Tender Process

- 26. On 19 April 2016 five contractors were selected from the Council’s Approved List of Contractors to submit a price, consideration was given to relevant expertise and past performance. These were

- Danzer Ltd
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

- 27. On 20 April 2016 [REDACTED] withdrew (due to the constrained site size) and on 21 April 2016 [REDACTED] withdrew (due to their capacity to take on new work). A further three contractors were invited to submit a price, these were

- [REDACTED]
- [REDACTED]
- [REDACTED]

- 28. On 28 April 2016 [REDACTED] withdrew (due to the tight timescales and their capacity to respond in time) and they were followed by [REDACTED] on 13 May 2016 (due to their capacity to take on new work)

- 29. The following tenders were received on 23 May 2016

	Tender A (17 weeks)	Tender B
Danzer Ltd	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Tender Evaluation

- 30. The selection process for the contractor was carried out on the basis of the most economically advantageous tender balancing price and quality submission on a ratio of 70/30 (price /quality).

31. The consultant reviewed the price elements of each tender and the quality review was undertaken jointly by the Consultants and Regeneration Officers in Capital Works and Development team.
32. Tender submissions were evaluated their proposed programme, working in a restricted site, method statements for the control of nuisances and Health and Safety plans and method of work and external design.
33. Tenders were scored according to the tables below:
34. The tenders were revised to include provisional sums, this gave the following results

Danzer Ltd				

35. Only the two lowest priced tenders were evaluated for quality given the large variance in prices between these and the two highest

Contractor	Quality score (30%)
Danzer Ltd	

36. The combined quality and financial scores give the following result

Contractor	Quality score (30%)	Financial score (70%)	Overall Score	Ranking
Danzer Ltd				1
				2

Community impact statement

37. Since 2008 Summerhouse has a played a key role in ensuring zero permanent exclusion from primary schools across the borough and the provision is highly valued by primary schools and they are keen to see the supportive works of Summerhouse expand.

38. Health & safety aspects of the ground works, traffic, and noise and dust nuisances are the primary concerns but these will be mitigated with good construction practices on site and the school not being in operation over the summer holiday.

Sustainability considerations

39. The proposed refurbishment works is judged to have only a small impact on the environment.

Economic considerations

40. Not applicable due to the scale of the scheme.

Social considerations

41. This supply and installation of a modular unit containing two classrooms will accommodate additional places at Summerhouse behavioural support provision. The increase in numbers is not assessed as giving rise to adverse social impact. The provision will cater for the needs of the local resident of Southwark Council.
42. The contractor will carry out the works under the considerate contractor scheme which seeks to minimise disturbance and disruption in the locality.
43. The Council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, development partners engaged by the Council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate.

Environmental considerations

44. The contract specifies that, where practical, materials will be recycled, and the remainder of the debris will be used as back-fill or will be removed to a registered infill site or tip.

Plans for the monitoring and management of the contract

45. Playle and Partners LLP has been appointed to manage this works contract from inception thru to completion. They have been appointed to cover cost management, design and contract supervision and CDM compliance.
46. Playle and Partners report directly to a Project Manager in Regeneration Capital Works team, who monitor their progress via regular meetings.

Staffing/procurement implications

47. Once the additional class rooms have been provided, additional staffing costs will be in the region of £70,000 to Summerhouse.
48. Any staffing requirements arising from this procurement will be provided from Playle and Partners LLP or within the existing Regeneration Capital Works team structure.

Financial implications

49. The estimated cost of the scheme is £195,000. The total cost of this works contract is [REDACTED] inclusive of provisional sums of [REDACTED] for unforeseen circumstances. The breakdown of these cost is shown in the table below:-

	£
Costs of investigation and surveys	[REDACTED]
Fee including consultant's fees	[REDACTED]
School Expenditure reimbursement (FFE/ICT)	[REDACTED]
Cost of works (14 week programme variant)	[REDACTED]
Grand Total	[REDACTED]

50. The cost of this contract can be met from existing resources within the Children's and Adult services 2-year old underspend.

51. Revenue funding for additional staff and on going maintenance costs will be sought from the DSG via Schools' Forum.

Investment implications

52. None for this scheme

Legal implications

53. No advice sought due to value and straightforwardness of the project

Consultation

54. No Consultation required.

55. Party wall award in place for adjoining owner

Other implications or issues

56. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

57. Not required as value is below EU threshold

Director of Law and Democracy

58. Not required as value is below EU threshold

Strategic Director of Finance and Governance

59. Not required as value is below EU threshold

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature [REDACTED]

Date 14.7.16

Designation Strategic Director

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Title of document(s) None	Title of department / unit Address	Name Phone number
Link: (Insert hyperlink here)		

APPENDICES

No	Title
Appendix 1	Minutes of Children's Services Capital Management Group dated 1 st July 2015
Appendix 2	Business case for the expansion of Summerhouse behavioural team and provision dated 1 st July 2015

AUDIT TRAIL

Lead Officer	Bruce Glockling, Head of Regeneration, Capital works and Development	
Report Authors	Lee Wilson, Programme Manager Jacqui Flynn, Project Manager	
Version	Final	
Dated	14 th July 2016	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	No	No

Head of Procurement	No	No
Director of Law and Democracy	No	No
Director of Exchequer (for housing contracts only)	No	No
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	No	No
Corporate Contract Review Board	No	No
Cabinet Member	No	No
Date final report sent to Constitutional /Community Council/Scrutiny Team		