

Item No.	Classification: Open	Date: 3 July 2023	Meeting Name: Strategic Director of Children and Adult Services
Report title:		Gateway 2 - Contract Award Approval The Charter School East Dulwich phase 2 temporary teaching accommodation	
Ward(s) or groups affected:		Goose Green South Multi-ward Area	
From:		Head of Sustainable Growth	

RECOMMENDATIONS

1. That the Strategic Director of Children and Adult Services approve the award of The Charter School East Dulwich phase 2 temporary teaching accommodation contract to REDS10 Ltd. in the sum of £689,085.50 for a period of 13 months commencing July 2023.
2. That the Strategic Director of Children and Adult Services note that £185,058.87 of the costs relate to the Autism Spectrum Disorder resource and will be funded from agreed council budgets.

BACKGROUND INFORMATION

3. The Charter School East Dulwich (TCSED) is a new secondary school being built in East Dulwich Grove on the site of the Dulwich Community Hospital. When fully open, the school will operate eight forms of entry, providing 1700 places including sixth form and a 20 place Autistic Spectrum Disorder (ASD) resource. The school is being built in two phases, phase 1 completed in 2019 and this procurement concerns part of phase 2.
4. The estimated total cost of the project is £48m. The council has agreed a capital contribution of £6.55m including £1.55m for the ASD resource. The rest of the funding comes from the Department for Education (DfE). Under a development agreement between the council, the DfE and The Charter School Educational Trust (TCSET), the council is responsible for procuring the delivery of the project works.
5. Phase 2 of the project will deliver the remainder of the permanent facilities to complete the school, including the 20 place ASD resource. Construction has been delayed because of the need to procure a new contractor for the main works meaning the facilities will not be ready to hand over to the school until summer 2024.

6. To help the school function until the permanent facilities are ready Gateway 1 approval was given on 23 November 2022 (formalising prior approval given 9 November 2022) to the procurement of temporary modular teaching accommodation using the Crown Commercial Services (CCS) RM 6014 framework Lot 3 (Hire of Education Related Modular Buildings). The report delegated approval of the Gateway 2 contract award to the Director of Education.
7. The contract will be jointly funded by the DfE and the council. The council is funding the temporary ASD resource which will include classroom space, a family room, small group room, therapy room and small office. The DfE funded accommodation will provide classrooms for music teaching and practice.
8. The accommodation location, on the Phase 2 site, is shown in the diagram at Appendix 1. Installation will take place after completion of the landscape works being procured separately.

Procurement project plan (Key Decision)

9.

Activity	Completed by
Forward Plan for Gateway 2 decision	19/12/2022
Briefed relevant cabinet member (over £100k)	31/01/2023
Approval of Gateway 1: Procurement Strategy Report	09/11/2022
Invitation to tender	22/11/2022
Closing date for return of tenders	16/12/2022
Completion of evaluation of tenders	10/01/2023
DCRB Review Gateway 2:	15/02/2023
*Notification of forthcoming decision – Five clear working days	23/06/2023
*Approval of Gateway 2: Contract Award Report	03/07/2023
*Scrutiny Call-in period and notification of implementation of Gateway 2 decision	12/07/2023
Debrief Notice and Standstill Period (if applicable)	N/A
Contract award	14/07/2023
Add to Contract Register	14/07/2023
Contract start	17/07/2023
Publication of award notice in Find a Tender Service	17/03/2023

Activity	Completed by
Publication of award notice on Contracts Finder	17/03/2023
Contract completion date (Installation)	23/08/2023
Contract completion date (Hire period)	23/08/2024

*These dates are estimated.

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

10. The contract with REDS 10 will deliver temporary accommodation of c. 610m² divided into smaller teaching rooms and a small amount of office space, as set out in the schedule of accommodation issued with the tender. It will include a dedicated 160m² ASD resource.
11. REDS 10 have offered a single building, an existing one year old, two storey building, currently arranged as a generic eight classroom teaching block. The building will be refurbished to the required DfE standards as set out in the tender specification. REDS 10 have confirmed it can be re-configured to provide the teaching /office spaces set out in the tender specification and that this work is included in the price. TCSET, TCSED and the DfE will be consulted on the draft layouts.
12. REDS 10's price includes the supply, re-configuration, delivery, installation, fit-out, hire and maintenance costs of the building and its eventual disconnection, dismantling and removal. Installation costs include ground works and utility connections. Fit-out costs include the installation of mechanical ventilation and passive Information and Communication Technology. The contract excludes loose furniture and fittings.
13. The proposed construction period on site is 17 July 2023 to 23 August 2023 followed by a 52 week hire period running to August 2024.
14. The estimated cost of the contract at Gateway 1 stage was £930k. The re-use of an existing building costs significantly less than procurement of a new one as well as being more efficient environmentally.

Key/Non Key decisions

15. This report deals with a key decision.

Policy implications

16. The project contributes to delivery of the Southwark Council Delivery Plan 2022-2026 themes Supporting Families and Transforming Our Borough:

- Supporting Families - Ensure our schools are high quality and inclusive. Completing the expansion of Charter East School so more children can attend a local secondary.
- Transforming Our Borough – Close the gap in life chances. Delivering thriving and sustainable neighbourhoods.

Tender process

17. The tender process followed that in the approved Gateway 1 report, a single stage tender based on form of contract JCT Intermediate with Contractor's Design 2016 using CCS RM 6014 framework agreement Lot 3 (Hire of Education Relate Modular Buildings). The tender was published on 22 November 2022.

18. Crown Commercial Services RM 6014 framework agreement Lot 3 includes nine contractors:

Elite Systems (GB) Ltd.
 Extraspace Solutions
 M—AR Ltd.
 Portakabin Ltd.
 Premier Modular Ltd.
 REDS 10 Ltd.
 The McAvoy Group
 Algeco UK Ltd
 Darwin Group Ltd.

19. In response to a call for Expressions of Interest one of the framework contractors declined the opportunity because of insufficient resources at this time. Five contractors confirmed their intention to bid.

20. Two tenders were received by the closing deadline of 21 December 2022, including from REDS 10 Ltd.

Tender evaluation

21. A tender report is attached at Appendix 2. The tenders were evaluated by a panel including the Programme Manager and Project Manager from Sustainable Growth Capital Works, the council's cost consultants, RPP and technical adviser, CJA Property Consulting. The DfE and TCSET have been consulted on the proposals.

22. The contract was scored on the basis of 70% price and 30% quality including 5% social value. Price was scored by reference to the lowest tender using the formula:

Lowest tender sum ÷ tender sum x 70%

23. Quality was evaluated on the basis of the following criteria: methodology and programme, previous experience, resources, skills and experience, social and environmental. Responses were scored between 0 and 5 using the following scoring system:

Assessment	Score	Basis of score
Cannot be scored	0 points	No information provided or incapable of being taken forward either because the supplier does not demonstrate an understanding of our requirements or because the solution is incapable of meeting our requirements.
Unsatisfactory	1 point	Although the supplier does demonstrate an understanding of our requirements there are some major risks or omissions in relation to the proposed solution to deliver the service and we would not be confident of our requirements being met.
Satisfactory	2 points	A response which is capable of meeting our requirements but is unlikely to go beyond this.
Good	3 points	A response which shows that the supplier demonstrates an understanding of our requirements, has a credible methodology to deliver the service and could evolve into additional benefits.
Very Good	4 points	A response which shows that the supplier demonstrates an understanding of our requirements, has a credible methodology to deliver the service alongside a clear process and plan to deliver additional benefits and deliver value

Scores

24. The tender scores were:

Company	Price Score (Out of 70%)	Quality Score (Out of 30%)	Total Score (Out of 100%)
REDS 10 Ltd.	70%	18.8%	88.8%
Bidder B	53.64%	18.65%	72.29%

25. REDS 10 achieved the highest combined price/quality score at 88.8%. It is recommended that the council awards the contract to REDS 10 Ltd.

Plans for the transition from the old to the new contract

26. Not applicable to this contract.

Plans for monitoring and management of the contract

27. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
28. The contract will be managed and monitored by Sustainable Growth supported by external project management and cost consultants.

Identified risks for the new contract

29.

Risk No.	Identified Risk	Likelihood	Risk Control
1	The Crown Commercial Services RM 6014 framework agreement expires on 31 March 2023 and will be replaced by a new framework agreement.	High	The contract must be awarded before the expiry of RM 6014.
2	REDS10 fails to make the building available for any reason e.g. fails to secure release from its current location at the end of the summer (The building is coming from another school and can only be demounted at the end of the summer term)	Low	REDS10 have confirmed that, in the unlikely event of the building not being available for any reason, they will make alternative arrangements to ensure the school is provided with an alternative temporary hire building of the same floor area from their existing hire fleet at no additional cost or programme.
3	The building is not ready for the school to move into by 23 August	Low	REDS10 will carry out ground works in July, ahead of the building installation before
4	Financial risk - inflation rates higher than projected in the cost estimates	Low	The contract sum will be fixed.

5	Financial risk – the DfE does not agree the temporary accommodation funding	Low	The school is a DfE sponsored project. and the DfE is fully aware of the circumstances surrounding the school's need for the temporary accommodation and has been involved on developing these proposals and cost estimates.
6	Delay to completion of the early landscape works causing delay to installation of the temporary building.	Low	The landscape works will be sequenced to minimise this risk. Potential for slippage has been factored into the programme.
7	Contractor goes bankrupt.	Low	Fame credit check will be undertaken before contract award.
8	Performance bond. The DfE does not require or pay for performance bonds so the cost of one would have to be met by the council.	Low	A performance bond is not considered necessary for this contract given its value and short construction period. However, a Parent Company Guarantee will be requested.
9	Council decides not to proceed with the ASD unit or the funding for this.	Medium	If the council does not proceed with the ASD unit then it will be omitted from the contract. We can make the ASD unit a provisional section in the contract to enable this.

Other considerations (For Housing Department works contracts only)

30. Not applicable. The award is not a housing contract.

Community, equalities (including socio-economic) and health impacts

Community impact statement

31. The project will increase the capacity of Southwark's secondary schools in the East Dulwich catchment area which will positively impact families.

Equalities (including socio-economic) impact statement

32. The Public Sector Equality Duty (The Equality Act 2010) has been considered. An Equality and Health Analysis prepared for the project in May 2021 identified no adverse equalities impacts from the project or current procurement on people possessing protected characteristics. The project will have a positive equalities impact on young people by increasing the capacity and quality of Southwark's secondary school offer and of services for children with special needs through the inclusion of 20 place ASD resource.

Health impact statement

33. An Equality and Health Analysis prepared for the project in May 2021 identified no adverse health impacts from the project. The project will have a positive health impact on young people by increasing and improving Southwark's secondary school offer for children with special educational needs.

Climate change implications

34. REDS 10 has a published commitment to achieving Net Zero emissions by 2030 and was able to demonstrate it has resources in place to deliver. It launched a 'Carbon Negative at Zero Cost' initiative in 2019, committing itself to designing all its buildings to operate at net zero with lowest possible embodied carbon. It has a Carbon Reduction Plan in place, completed in accordance with government's Policy Procurement Note 06/21. The plan targets its business operations and practices including site waste and diesel use on site. The company anticipates a reduction of 32.4% tCO₂e from baseline in their first year of monitoring.

Social Value considerations

35. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

36. Tenderers demonstrated a commitment to delivering local skills, employment, apprenticeships. To deliver on its commitments, it has an appointed a Social Value lead with a background in education and training background and a Learning & Development Co-ordinator. REDS10 has its own apprentice company, works with Apprentice Hub and with schools to bring on T level students. REDS10 stated it will use apprentices and T-level students from its Learning & Development Scheme to work on the project if appointed.

Social considerations

37. The tender included the council's standard documentation in relation to blacklisting. REDS10 have confirmed they are not in breach of the requirements under Regulation 3(1) of the Employment Relations Act 1999 (Blacklisting) Regulations 2010. The council's contract conditions will include an express condition requiring compliance with the blacklisting regulations and include provision to allow the contract to be terminated for breach of these requirements.
38. The draft contract, which was included in the tender pack, will include the council's requirement for the contractor to pay the London Living Wage.

Environmental/Sustainability considerations

39. The local environmental impact of the works, arising from delivery, fit-out and removal is expected to be low.
40. Tenderers were asked about their company's approach to sustainable procurement and construction, including their strategy for recycling waste on and off site and supporting SMEs.
41. REDS10 says it is currently achieving 95% diverted from landfill on all site waste and over 80% recycled on their factory site. The contract will re-cycle an existing building.
42. REDS10 states that small and medium enterprises (SMEs) make up over 90% of its supply chain and has long term agreement in place.

Market considerations

43. This is a specialist procurement because the accommodation has to meet DfE requirements for temporary education buildings including ASD requirements. The number of suppliers of short term rental education accommodation is limited. The contract has been procured through a framework agreement specialising in temporary educational buildings.
44. REDS10 Ltd is a Southwark based private company with fewer than 250 employees. It operates nationally.

Staffing implications

45. Not applicable. No staffing implications arise from this procurement.

Financial implications

46. The estimated value of the contract approved at Gateway 1 stage was £930k excluding VAT. The cost of the REDS10 Ltd. contract cost is £689,085.50 excluding VAT. Of this, the cost of the temporary ASD resource being funding by the council, calculated on the basis of floor area, is £185,058.87.

Element	Council Costs (ASD Resource) @ 160m2	DfE Costs @ 450m2	Total Costs @ 610m2
Design, supply, installation	115,878.60	312,791.38	428,669.98
Rental and maintenance	36,153.52	101,660.00	137,813.52
Removal and making good	9,000.00	22,000	31,000.00
Mechanical ventilation	24,026.75	67,575.25	91,602.00
Total	185,058.87	504,026.63	£689,085.50

47. The current estimated total cost of the project (both phases) is £48.5m. £33.8m has been spent to date. The cost of this contract can be met from existing budgets. However, additional funding of £4.52m will be required from the DfE over that originally approved in 2016 before the main works contract is let. Officers are negotiating with the DfE for the additional funding.

Investment implications

48. Not applicable. This is not a Housing and Modernisation contract.

Second stage appraisal (for construction contracts over £250,000 only)

49. Not applicable. The Approved List was not used for this procurement.

Legal implications

50. Please see concurrent from the Director of Law and Governance.

51. The form of contract will be JCT Intermediate with Contractor's Design 2016. Sharpe Pritchard will advise on and prepare the form of contract which was issued with the tender together with Southwark's standard amendments.

Consultation

52. The School, Trust and DfE participated in the development of this proposal.
53. A stakeholder Project Steering Group including councillors, representatives from the DfE, TCSED and TCSET meets at least monthly to oversee delivery of the project and coordinate activities.
54. TCSET, TCSED and the DfE will be consulted on REDS10's draft layouts for the re-configuration of the space.
55. Extensive public consultation was carried out on for the planning application for the project which was granted consent in 2016.
56. No consultation is required for the installation of the temporary buildings.

Other implications or issues

57. There are no other issues or implications.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance REF: [CAS23/12]

58. The Strategic Director notes the contents of this report, and that the current expected costs are within the estimates for the project.
59. Careful monitoring will be required to ensure any extension to the agreed rental period remains within estimated costs for this element of the project else the additional costs will need to be considered as part of the wider project budget.

Head of Procurement

60. A formal concurrent is not required for this report as the estimated value is below the advertising threshold for services of this nature, as prescribed by the Public Contracts Regulations 2015 (PCR2015). However, it is confirmed that the award recommendation as outlined is consistent with PCR2015 and the council's Contract Standing Orders, (CSOs). In accordance with CSOs, the decision must be taken by the relevant chief officer, or under their delegated authority, in line with the department's scheme of management.

Assistant Chief Executive – Governance and Assurance

61. A formal concurrent is not required as the estimated value of the proposed contract is below the advertising threshold for works as prescribed by the Public Contracts Regulations (PCR) 2015. However, it is confirmed that the recommended contract award is consistent with the requirements of the PCR

and also with the council's Contract Standing Orders (CSOs). The report notes that the decision to approve the recommendations has been delegated to the Director of Education, in line with CSOs.

Director of Exchequer (for housing contracts only)

62. Not applicable. The award is not a housing contract.

Director of Education

63. The contents of the report are noted. Whilst I agree with the contents and need for procuring the delivery of the project works, the commitment to delivery of the ASD resource base has recently come under question. Therefore it would be helpful for DCRB to agree the technical aspects of the report pending a resolution to the progressing with the ASD resource base.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

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 (and as otherwise recorded in Part B below).

Signature  Date **3 July 2023**
Designation **David Quirke-Thornton**
Strategic Director of Children and Adult Services

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions that are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see 'FOR DELEGATED DECISIONS' section of the guidance).

1. DECISION(S)
As set out in the recommendations of the report.

2. REASONS FOR DECISION

As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

Not applicable.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION

None.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

None.

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

Signature



Date **3 July 2023**

Designation **David Quirke-Thornton**

Strategic Director of Children and Adult Services

7. CONSIDERATION GIVEN TO WHETHER, AS A NON-KEY DECISION, THIS SHOULD BE FORWARDED TO THE CONSTITUTIONAL TEAM FOR PUBLICATION IN ACCORDANCE WITH REGULATION 13(4)*

The decision taker should consider whether although a non-key decision, the decision is sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available. Where there is any doubt, having considered the importance and/or sensitivity of a decision, it should be deemed that Regulation 13(4) would apply.

I consider that the decision be made available for publication under Regulation 13(4).*

Signature



Date **3 July 2023**

David Quirke-Thornton

Designation **Strategic Director of Children and Adult Services**

* Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the council is required to put in place a scheme for recording and publishing some officer executive decisions. This process is sometimes referred to as "Regulation 13(4)".

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Southwark Council Delivery Plan 2022-2026	Chief Executive's Department, Sustainable Growth - Capital Works Tooley Street, SE1 2QH	Yvonne Shaw Project Manager 07734 779652
www.southwark.gov.uk/council-and-democracy/fairer-future/fairer-greener-safer-southwark-s-council-delivery-plan		
Equality Act 2010: Public Sector Equality Duty	Chief Executive's Department, Sustainable Growth - Capital Works Tooley Street, SE1 2QH	Yvonne Shaw Project Manager 07734 779652
https://www.legislation.gov.uk/ukpga/2010/15/contents		

APPENDICES

No	Title
Appendix 1	Location of TCSED phase 2 temporary accommodation

AUDIT TRAIL

Lead Officer	David Quirke-Thornton, Strategic Director of Children and Adult Services	
Report Author	Yvonne Shaw, Project Manager	
Version	Final	
Dated	19 June 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance	Yes	Yes
Head of Procurement	Yes	Yes

Assistant Chief Executive – Governance and Assurance	Yes	Yes
Director of Exchequer (for housing contracts only)	N/A	N/A
Cabinet Member	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	N/A	N/A
Cabinet	N/A	N/A
Date final report sent to Constitutional Team		3 July 2023