

Item No.	Classification: Open*	Date: November 2016	Meeting Name: Strategic Director of Children and Adult Services
Report title:		Gateway 2 – Contract Award Approval Southwark Inclusive Learning Service (SILS) 3 Pupil Referral Unit (PRU) and Day 6 Facility. Design team / professional consultants appointments	
Ward(s) or groups affected:		Camberwell	
From:		Project Manager, Chief Executive's Department	

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RECOMMENDATION(S)

1. That the Strategic Director of Children's and Adults' Services approves the award of a professional service contract for the full design and project management services to develop a scheme to provide new accommodation for the Southwark Inclusive Learning Service 3 (SILS 3) Pupil Referral Unit (PRU) to Faithful and Gould, under the Scape framework.
2. The appointment will be a NEC3 professional services contract for approximately 148 weeks commencing 16 December 2016 for a fixed fee of £934,908.

BACKGROUND INFORMATION

3. The decision to provide new accommodation for the SILS 3 PRU was originally taken by Cabinet on 23 March 2010. A budget of £8,000,000 has been secured to realise this scheme through funding from the Building Schools for the Future programme.
4. SILS 3 is a small school provision for pupils who are unable to attend mainstream schools due to exclusion or other similar reasons. The Day 6 facility of the school also provides structured temporary education for students at risk of permanent exclusion.
5. SILS 3 enables up to a third of permanently excluded students to be reintegrated into mainstream schools every year, as noted in Ofsted reports 2012 and 2015 and was also rated 'good' in the 2015 Ofsted inspection.

The primary objective of SILS 3 is to re-engage pupils with education, providing structure and modifying pupil's behaviour.

6. Adapting the current facility is not an appropriate option as there are identified fundamental issues, such as the scale of internal rooms, the narrow width corridors and low ceilings; issues that are not possible to fully address with a refurbishment. The current building's thermal performance is poor. The location of the current building on site and its form create blind spots. Opportunities to allow passive surveillance, which is extremely important in a modern PRU, are lost due to poor vision lines.
7. Having studied options of how to provide an inspirational new PRU on site at Davey Street, the preferred option is to build a new modern fit for propose scheme, de-cant and empty the existing building and then demolish the existing scheme on site.
8. The new building will be able to accommodate SILS 3 for up to 35 pupils and a separate provision for Day 6 places, with up to 8 places provided.
9. The Gateway 1 for the appointment of the design team/professional consultants and the main works contractor for Southwark Inclusive Learning Service (SILS) 3 Pupil Referral Unit (PRU) and Day 6 Facility, which proposed the appointment of the professional design team through the Scape framework, was approved by the Strategic Director of Children's and Adults' Services on the 5 May 2016.
10. Southwark Council is approved to use the Scape framework. The EU compliant Scape framework allows local authorities to access an array of construction disciplines.
11. Following the design team developing a fully approved scheme, there will be a future separate Gateway 2 report, around the second quarter of 2017, to seek approval for the main works contractor through a full EU compliant tender with the support of Faithful and Gould.

Procurement project plan (Key Decision)

12.

Activity	Complete by:
CAB Review Gateway 1	28/04/2016
CCRB Review Gateway 1	N/A
CMT Review Gateway 1:(if applicable)	N/A
Approval of a Gateway 1 for the appointment of Faithful and Gould and the design team to subsequently prepare a full planning application – then a developed tender design and specification for an EU compliant tender	05/05/2016
Invitation to tender – for the individual members of the design team for their appointment to the scape	20/06/2016

Activity	Complete by:
framework under Faithful and Gould.	
Closing date for return of tenders – for the appointment of the design team members through the Scape Framework	08/08/2016
Completion of clarification meetings/presentations/evaluation interviews	18/08/2016
Completion of evaluation of tenders	19/09/2016
Forward Plan (GW2 is key decision)	November 2016
CAB Review Gateway 2: Contract award report	19/10/2016
Notification of implementation of Gateway 2 decision	26/10/2016
Approval of Gateway 2: Contract Award Report	3/11/2016
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision (If GW2 is key decision)	11/11/2016
Contract award	14/11/2016
Add to Contract Register	15/11/2016
Contract start	16/11/2016
Initial Contract completion date	November 2019

KEY ISSUES FOR CONSIDERATION

Description of Procurement Outcomes

13. This report is for the appointment of the full design and project management services of new accommodation for the Southwark Pupil Referral Unit at Southwark Inclusive Learning Service. The professional team includes:

- Project manager / contract administrator / employer's agent
- Quantity surveyors
- Principal designer
- Architect (Whose professional fees also include the fire consultant and the acoustician)
- Structural engineer
- Mechanical engineer
- Electrical engineer

Key/Non Key decisions

14. This report deals with a key decision.

Policy implications

15. This award supports the aspirations and commitment of London Borough of Southwark to demolish the existing 1970's building that was constructed as a children's home and had been poorly adapted as a PRU. The proposed new scheme can be designed and developed to support the specific needs of SILS 3 PRU.
16. London Borough of Southwark is committed to provide a fairer future for all. The pupils who are attending SILS 3 deserve an inspirational modern building that suits their needs and supports their specific curriculum.

Tender process

17. The professional service appointments were selected in accordance with the approved methodology in the SILS Gateway 1 which proposed the use of the Scape framework.
18. Faithful and Gould are a Southwark Council Approved professional services supplier appointed through an EU compliant tender to run the Scape framework professional services. Faithful and Gould were appointed on professional fees and proven experience.
19. Under the Scape framework, Faithful and Gould will provide the following Professional services:
 - Project Manager / Contract Administrator / Employer's Agent
 - Quantity Surveyors
 - Principal Designer
 - Structural Engineer, Mechanical Engineer and Electrical Engineer; and
 - Architect
20. In order to appoint the Structural, Mechanical and Electrical engineers Faithful and Gould conducted a mini single stage competition from their own list of sub-consultants.
21. To appoint the Architects, Faithful and Gould ran a two-stage mini competition issued to six firms of architects with previous experience of PRU design, which in itself is a very specialised discipline.

Tender evaluation

22. As Faithful and Gould are the sole supplier for professional services supplier within the Scape framework which was competitively tendered in 2012 the council is able to place a direct award with them for these services.

23. Faithful and Gould's fees are fixed from their rates that were originally submitted in 2012 under the EU compliant tender to run the Scape framework. The council believes that this represents value for money.

Plans for monitoring and management of the contract

24. The scheme will be monitored by officers in the Regeneration and Capital Projects team acting as technical clients for the duration of the project whilst Faithful and Gould provide a single point of delivery of design services for the project.
25. Technical project officers from the London Borough of Southwark will hold regular meetings with Faithful and Gould and the design team to monitor the design development, programme and budget at regular intervals.
26. Faithful and Gould's appointment as Quantity Surveyors will enable them to scrutinise project valuations to ensure value for the council. Faithful and Gould's professional services are also defined and fixed through their appointment under the Scape framework.
27. Southwark Council are proposing a traditional Joint Contracts Tribunal (JCT) building contract, so the design team will remain dominant during the construction stage of this scheme. The combination of Scape for the appointment of the design team, an OJEU advertisement for the main contractor and a traditional JCT contract for the main works, will provide the correct procurement options to deliver a truly inspirational scheme with solid details and integrated services; a fantastic opportunity to deliver an exemplary scheme for SILS 3.

Identified risks for the new contract

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No.	Risk	Risk Level	Mitigating Action
1	There is a risk that any rise in the contract sum, will lead to a rise in the professional fees during the scheme.	Low	The project delivery team have mitigated this risk by fixing the fees at this stage of the professional team appointment. The professional fees are not linked to the construction costs, which is advantageous for professional fee cost certainty.
2	One of the difficulties with a traditional JCT contract is a risk that the	Medium	When appointing the individual professional team disciplines for this scheme under the

	tender needs to be fully developed, integrated and complete to ensure a positive financial outcome to contract sum for the main works		<p>Scape framework, previous experience of developing similar projects and developing a fully integrated scheme at tender stage was an essential section of the scoring matrix.</p> <p>Appointing a design team with previously gained experience of complex tender stages of design will help mitigate the risk of a poorly integrated and developed scheme at construction stage, which can be costly with a traditional contract.</p>
3	The scheme is not designed to meet the needs of the users and stakeholders at SILS 3.	Low	<p>A full educational brief has been commissioned by Southwark Council and prepared by The Education Crowd to capture the aspirations of the head for SILS 3 PRU.</p> <p>Regular design team meetings will be organised, where all stakeholders, will be invited to attend, to ensure the design development is in line with the council's aspirations, the aspirations of SILS and directly supports staff and pupils' specific needs in a modern PRU building.</p>

Community impact statement

28. Helping the students of SILS 3 learn in an inspirational new building is helping Southwark Council's most vulnerable pupils learn and feel like a valued member of the community.
29. The design team will be required to develop a programme of engagement with the school and the pupils throughout the design development phase of the scheme to develop and inspire the pupils of SILS and encourage an interest in the construction industry.

Social Value considerations

30. 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 well being 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

31. One of the main requirements of the main works contractor appointment at tender stage will be a requirement to deliver direct benefits to the local community and local residents. It is proposed that these benefits will be delivered through some or all of the following possible means:

32. Supply chain and procurement with local businesses throughout the design and development of the scheme.

33. Use of local labour and training initiatives, including construction employment, skills and training scheme linked to the council's Building London Creating Futures programme, which aims to match local residents with construction vacancies especially where these are linked to key development sites and regeneration activities;

34. A commitment to construction apprenticeships in proportion to the size and scale of the development, which is at least 1 apprentice for every £1,000,000 of construction value.

35. Faithful and Gould will be required to report to Southwark Council at the design team meetings how the scheme is meeting the required economic considerations throughout the project.

Social considerations

36. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. Faithful and Gould will be required to commit to LLW requirements and this will be included as a contractual condition, which will result in quality improvements for the council. These will include a higher calibre of multi-skilled operatives that will contribute to the delivery of this scheme and will provide best value for the council.

37. Pursuant to section 149 of the Equality Act 2010 the council has a duty to have due regard in its decision making processes to the need to:

- (a) Eliminate discrimination, harassment, victimisation or other Prohibited conduct.
- (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not.
- (c) Foster good relations between those who share a relevant characteristic and those that do not share it.

38. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equalities Duty also applies to marriage and civil partnership, but only in relation to (a) above. The award of the proposed contract is intended to provide positive outcomes and benefits for vulnerable young persons who have particular educational difficulties and needs .

Environmental/Sustainability considerations

39. The brief and the design development of the scheme will be developed to incorporate materials and design elements that can have a positive impact and help reduce the carbon footprint of the new build.

40. The selected palette of materials will be specified with sustainability in mind.

41. The design of the heating and cooling strategy can be developed with key environmental considerations as a driver.

42. The contractor will be required to sign up to the considerate contractor scheme.

Market considerations

43. Current and recent market conditions have been a key consideration when selecting this procurement route. The appointment of Faithful and Gould as project managers will assist Southwark Council project officers to prepare an EU compliant advertisement in the OJEU to attract a suitably competent, financially competitive contractor for the main works construction phase.

Staffing implications

44. There will be no direct negative impact on staffing as a result of the award of this contract.

45. The appointment of Faithful and Gould is designed to ease the identified labour concentration to preparing a fully compliant OJEU advertisement for the main works contractor.

Financial implications

46. Please see the concurrent report from the Director of finance below.

Legal implications

47. Please see the concurrent report from the Director of Law and Democracy below.

Consultation

48. NA

Other implications or issues

49. NA

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance CAS16/018

50. The total agreed fixed fee to appoint Faithful and Gould as the design team and project manager for SILS 3 PRU is £934,908.

51. The total identified budget for the redevelopment of SILS 3 PRU is £8,000,000

52. The construction cost is estimated at £6,900,000.

53. This allows a contingency figure of £165,092 (this figure will also cover site surveys and searches).

Head of Procurement

54. This report seeks approval of the award of a professional services contract to Faithful and Gould for design and project management services to develop a scheme to provide new accommodation for the Southwark Inclusive Learning Service 3 (SILS 3) Pupil Referral Unit for a total fixed cost of £934,908.

55. The report confirms that this procurement was conducted through the competitively tendered Scape framework in compliance with the requirements of the EU Procurement Regulations and in accordance with the strategy proposed in the relevant Gateway 1 and the council's CSOs.

56. This report states that this procurement achieves value for money as the rates submitted by Faithful and Gould are calculated from their original rates submitted in 2012 under the EU compliant tender for Scape; in addition to this Faithful and Gould have also undertaken two competitive tenders in

order to appoint the Structural, Mechanical and Electrical engineers and Architects.

57. The report confirms the monitoring and management arrangements that will be in place during the life of the contract including how apprentices taken on by the contractor as a result of this contract will receive the necessary skills training.

Director of Law and Democracy

58. This report seeks approval of the award of a contract to Faithful and Gould for design and project management services to develop a scheme to provide new accommodation for the Southwark Inclusive Learning Service 3 (SILS 3) Pupil Referral Unit.
59. The report confirms that the proposed contract is to be awarded under the Scape framework, which had been procured by way of a competitive exercise, in compliance with the requirements of the EU Procurement Regulations.
60. Where possible, the council will seek to negotiate specific amendments to the NEC3 professional services contract to incorporate certain corporate standards and requirements and officers should seek advice and assistance from the director of law and democracy (corporate team) in that regard.
61. The decision to approve the proposed contract award is one which may be taken by the strategic director of children's and adult services in line with Contract Standing Orders ("CSOs"). CSOs also require that no contract shall be awarded unless the expenditure has been included in approved revenue or capital estimates or has been otherwise approved by, or on behalf of the council, and paragraphs 57 to 59 advise how that requirement will be satisfied.

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 *[Handwritten Signature]* D. QUINCE - THORNTON Date... *4/11/16*

Designation *STRATEGIC DIRECTOR - CHILDREN & ADULTS.*

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Title of document	Title of department / unit Address	Name Phone number
<p>"Gateway 1 Procurement Strategy Approval Southwark Inclusive Learning Service (SILS) 3 Pupil Referral Unit (PRU) and Day 6 Facility For the appointment of:</p> <p>1. The design team / professional consultants and</p> <p>2. The main works contractor for a new School building for SILS 3 on the existing site at Davey Street"</p>	Regeneration Division, PO Box 64529, London, SE1P 5LX	Joanna Roberts 020 7525 1478

AUDIT TRAIL

Lead Officer	Bruce Glockling, Head of Regeneration and Development	
Report Author	Joanna Roberts, Project Officer	
Version	Final	
Dated	25 October 2016	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	yes	yes

Director of Law and Democracy	yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	No	No
Cabinet	No	No
Date final report sent to Constitutional Team		26/10/2106