

# **JOINT FINANCE AND EFFICIENCY AND CHILDREN'S SERVICES PORTFOLIO**

## **DECISION SCHEDULE**



**Monday, 27 April 2009**

**at 12 noon**

**in Committee Room D, Civic Centre, Hartlepool**

Councillor Robbie Payne, Cabinet Member responsible for Finance and Efficiency and Councillor Cath Hill, Cabinet Member responsible for Children's Services will consider the following items.

**1. KEY DECISIONS**

No items

**2. OTHER ITEMS REQUIRING DECISION**

2.1 Procurement Strategies For Space To Learn, Jesmond Road Primary School, Former Brierton School And Pupil Referral Unit And Rossmere Primary School -  
*Director of Children's Services and Director of Neighbourhood Services*

**3. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**

No items

# **FINANCE AND EFFICIENCY AND CHILDREN'S SERVICES JOINT PORTFOLIO**

Report to Portfolio Holders

27 April 2009



**Report of:** Director of Children's Services and Director of Neighbourhood Services.

**Subject:** PROCUREMENT STRATEGIES FOR SPACE TO LEARN, JESMOND ROAD PRIMARY SCHOOL, FORMER BRIERTON SCHOOL AND PUPIL REFERRAL UNIT AND ROSSMERE PRIMARY SCHOOL

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## **SUMMARY**

### **1. PURPOSE OF REPORT**

To advise the Portfolio Holders of the potential procurement routes for the following schemes: Space to Learn, Jesmond Road Primary School, Former Brierton School and Pupil Referral Unit and Rossmere Primary School and to receive approval for the same.

### **2. SUMMARY OF CONTENTS**

The report gives a detailed overview of the recommended procurement strategies for each scheme.

### **3. RELEVANCE TO PORTFOLIO MEMBER**

Falls within the remit of the Portfolio Holders.

### **4. TYPE OF DECISION**

Non-key decision.

**5. DECISION MAKING ROUTE**

Finance and Efficiency and Children's Services Portfolio Holder on 27<sup>th</sup> April 2009.

**6. DECISION(S) REQUIRED**

That the Portfolio Holders endorse the procurement strategies for each scheme as discussed in the report.

**Report of:** Director of Children's Services and Director of Neighbourhood Services.

**Subject:** PROCUREMENT STRATEGIES FOR SPACE TO LEARN, JESMOND ROAD PRIMARY SCHOOL, FORMER BRIERTON SCHOOL AND PUPIL REFERRAL UNIT AND ROSSMERE PRIMARY SCHOOL

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**1. PURPOSE OF REPORT**

- 1.1 To advise the Portfolio Holders of the potential procurement routes for the following schemes: Space to Learn, Jesmond Road Primary School, Former Brierton School and PRU Unit and Rossmere Primary School and to receive approval for the same.

**2. BACKGROUND**

**2.1 Space to Learn.**

- 2.1.1 Space to Learn is intended to be a purpose built learning environment which will enable all schools throughout the town to test out new ideas in teaching and learning ahead of our Primary Capital Programme (PCP) and Building Schools for the Future (BSF) investment.
- 2.1.2 This innovative and ambitious project will help us to change how teaching and learning takes place in our schools by providing space that can be flexibly divided into difference sizes. Space to Learn will become a test-bed for the very latest in Information and Communications Technology (ICT), furniture, construction techniques and environmental sustainability. The City Learning Centre will be temporarily housed in the facility, providing technological support.
- 2.1.3 Space to Learn has been designed by our Client Design Adviser (GWK) as part of our approach to Schools Transformation; however the design concepts have been developed through engagement with schools, their staff and their pupils.
- 2.1.4 The £1 million budget for Space to Learn has been secured from the Roman Catholic and Church of England Dioceses and Hartlepool Borough Council's capital programme, which was agreed by the Portfolio Holder for Children's Services at the meeting on 25<sup>th</sup> March 2008. Outline planning permission was granted on 25<sup>th</sup> February 2009.

## **2.2 Jesmond Road Primary School.**

- 2.2.1 Jesmond Road Primary school is to be the first school to receive Primary Capital Programme (PCP) funding. The school has been identified as a priority by Cabinet.
- 2.2.2 The school will be a 315 place new build on a previously cleared brownfield site on Jesmond Gardens with an initial budget of around £6 million pounds.
- 2.2.3 The initial design is being carried out by our Client Design Adviser (GWK) in conjunction with the Building Consultancy as part of our approach to Schools Transformation. The design concept is being developed through engagement with school staff, pupils and governors.

## **2.3 Former Brierton School (Dyke House Decant facility)**

- 2.3.1 As a consequence of the proposals in the Building Schools for the Future (BSF) programme to extensively refurbish Dyke House School it is necessary to provide a temporary decant location fit to deliver the curriculum for a period of two years.
  - 2.3.2.1 A feasibility study looking at adapting the former Brierton School to bring it up to an acceptable standard as a temporary decant location has been carried out by the Schools Transformation Team, Dyke House School and GWK with cost estimates produced. Three options were investigated as part of this exercise.
- 2.3.3 The option preferred by the teams and within the budget includes the refurbishment of the former Brierton school block to minimum standard together with a partial remodelling and refurbishment of the former PRU building for two year groups, sharing kitchen facilities with the main block.
- 2.3.4 The cost estimate / budget for this work (provided by GWK) is £880,000 which excludes professional fees, asbestos removal and Building Regulations approval and other charges.
- 2.3.5 In accordance with the BSF programme, Dyke House School will be required to vacate the current site in the summer of 2010. The timescale is clearly very tight for such substantial works to be undertaken with a required start on site in July 2009.

## 2.4 Rossmere Primary School

- 2.4.1 Rossmere Primary school has been prioritised by Cabinet to be the second school to receive PCP funding. The brief is to carry out a full remodelling to bring up to current standards as part of the Schools Transformation Programme with an initial budget of around £2 million pounds depending on PCP developments.
- 2.4.2 This scheme is at an early stage and initial meetings / workshops have been arranged with the school council, staff and governors in April and May as a starting point to develop a design concept

## 3. PROPOSALS

- 3.1 The schemes discussed are all part of Hartlepool Borough Council's Schools Transformation Programme, but unlike the BSF programme where there are prescriptive procurement routes and rules to follow, those governing the schemes in question are within the remit of the Council to procure. This provides an opportunity to have procurement strategies for each scheme that would benefit both schools and stakeholders and fit within Council objectives. Space to Learn in particular is a test bed for BSF & PCP and will be a unique project.

- 3.2 All procurement will be in accordance with the Council's Contract Procedure Rules.

### 3.3 Jesmond Road Primary School

- 3.3.1 It is recommended that this scheme will be procured via a three stage partnering / tender process.

- 3.3.2 The procurement process would be as follows:

#### 3.3.3 Stage 1

- 3.3.3.1 European directives and regulations require that the Council follow detailed procedures for all procurement above approved financial thresholds.

- 3.3.3.2 Their purpose is to open up the public procurement market and ensure the free movement of goods and services within the EU thereby increasing opportunities for competitive suppliers, contractors and service suppliers. In most cases they require competition. They go with the grain of the Government's policy that procurement decisions should be based on value for money through competition.

- 3.3.3.3 This scheme will be above the EU procurement threshold for works contracts (£3,497,313) and therefore will need to be advertised within the Official Journal of the European Union (OJEU) asking general contractors to express an interest in tendering for the above contract. It is possible to use the “accelerated route” which speeds up the procurement process and which the EU is encouraging procurers to adopt in order to address the economic recession.
- 3.3.3.4 Further adverts will be placed in national construction based periodicals and local press. An exercise to alert local companies will be undertaken as many have shown interest.
- 3.3.3.5 All contractors who expressed an interest will be sent:
- Primary Qualification Questionnaire.
  - Information and Guidance to Contractors.
- 3.3.3.6 The completed Primary Qualification Questionnaire will be evaluated against the Borough Council's scoring matrix.
- 3.3.3.7 There will be minimum thresholds applied to certain criteria, which are considered to be particularly important to the carrying out of this contract, and tender proposals not meeting these minimum thresholds will be discarded.
- 3.3.3.8 No more than 8 of the highest scoring contractors calculated using the previously agreed scoring matrix would be invited to progress to the second stage.

### 3.3.4 Stage 2

- 3.3.4.1 The 8 highest scoring companies from the first stage for those assessed as acceptable, if less than 8 will be invited to send the following information for the second stage:
- Completed Health & Safety Assessment document.
  - Full list of Clients (name, address and contact name) for who work has been carried out in the past two years.
  - Copy of the last two years audited accounts
- 3.3.4.2 The references will be obtained from 3 previous clients selected at random from list of clients provided. Referees will be evaluated against the Borough Council's scoring matrix.

3.3.4.3 The total score for each tenderer will comprise the following elements

- 50% of the score for the Primary Qualification Questionnaire
- 50% of the score for the References.

3.3.4.4 No more than 6 of the highest scoring contractors calculated using the previously agreed scoring matrix would be invited to progress to the third stage.

### 3.3.5 Stage 3

3.3.5.1 This stage can take two routes

- Tender (best price).
- Partnering route.

The recommended route would be the partnering route.

### 3.3.6 Tender (best price).

3.3.6.1 This involves each of the remaining contractors being provided with a complete tender package and asked to provide their best price.

3.3.6.2 The contractor who submits the lowest tender after evaluation wins the contract.

### 3.3.6 Partnering Route.

3.3.6.1 The partnering route involves the early appointment of a contractor before the scheme design is complete. Some of the advantages of this route are:

- The experience and expertise of the contractor can be brought to the table to assist / work with the designer.
- The traditional barriers between client, design team and contractor are broken down and that the good of the project comes before commercial / professional objectives.
- The client has more involvement in the selection of the contractor
- This method of procurement will produce the building the client wants, within the agreed time scales and within the agreed budget.



3.3.7 The remainder of this procurement route would then be as follows:

- 3.3.7.1 Each of the contractors is interviewed. Prior to interview contractors are provided with a detailed cost plan provisional drawings and specification. They are given time to look in detail at the scheme and cost plan and are required to confirm that the cost plan is realistic.
- 3.3.7.2 At the interview, each contractor will be invited to make a presentation on partnering and their specific experience working with schools and then will be asked a number of questions specific to this scheme. An interview panel including a representative of the school will score the presentation and the contractor's response to each question. Scores are applied on an individual and independent basis. Questions will be weighted in terms of importance.
- 3.3.7.3 Each contractor is also invited to provide a cost for preliminaries, overheads and other management costs.
- 3.3.7.4 By prior arrangement with the client the overall percentage weighting for each of the following elements will be agreed:
  - References
  - Presentation
  - Interview
  - Cost
- 3.3.7.5 Scores will be tabulated with the highest scoring contractor being awarded the role of Constructor Partner.
- 3.3.7.6 Once the Constructor Partner is appointed, sub-contract works packages will be sent out as part of the cost planning phase in building up the Agreed Maximum Price for the scheme.
- 3.3.7.7 It is essential that the correct contractor be appointed for this scheme. Using the traditional method, the contractor chosen is the one that had submitted the lowest tender. In a Partnering contract the selection criteria is not just about price. The contractor has to be one whom the team can trust, who has a good record of similar projects, who understands the transformational agenda and who is open to innovation. The contractor, when chosen, will become part of the project team using his knowledge of construction for the benefit of the project as a whole.

- 3.3.7.8 It is envisaged that the contract will include targeted training and recruitment requirements in order to support the local economy, and in addition we will encourage the use of local sub-contractors in the scheme.

### 3.4 **Space to Learn**

- 3.4.1 This scheme will be procured via a three stage process generally as for Jesmond Road School. This will however need to have some subtle variations to fit in with the specialist nature of the scheme and the variety of offers of external sponsorship that such a scheme will attract.
- 3.4.2 The way in which offers of sponsorship are dealt with in terms of the council's procurement procedures has already been the subject of a recent report. However the way in which this will be handled through the main contract in terms of the donation of equipment, goods and services present the Council with a preferred option for procurement of the contract, the partnering route.
- 3.4.3 This route gives us the opportunity to discuss and agree a framework within which such donations can be built into the scheme. This would be very difficult to achieve via a traditional route.
- 3.4.4 The procurement process would be as follows:
- 3.4.4.1 Stage 1
- 3.4.4.2 This scheme will be below the EU procurement threshold for works contracts (£3,497,313) and therefore will not need to be advertised within the Official Journal of the European Union (OJEU).
- 3.4.4.3 Adverts will be placed in national construction based periodicals and local publications asking general contractors to express an interest in tendering for the above contract.
- 3.4.4.4 The remainder of stage one will be as previously discussed for Jesmond Road School.
- 3.4.5 Stage 2.
- 3.3.7.9 Stage 2 will be as previously discussed for Jesmond Road School.

### 3.4.6 Stage 3.

3.4.6.1 Stage 3 will be as the partnering route discussed for Jesmond Road School.

## 3.5 **Brierton School (Dyke House Decant)**

3.5.1 The initial procurement route suggested in the feasibility study produced by GWK was a single stage first past the post tender. This has now been reviewed and the basis of the proposed strategy is that the construction delivery role should be resourced in-house by negotiation. This negotiation will include the agreement of costs that represent best value to the Council.

3.5.2 This will include the detailed production information and co-ordination of the works. The advantages are:

- Sustainability for the local economy.
- Health and Safety management (as principal contractor under the CDM regulations).
- Control of what could be a complex sequence of works.
- Specialist skills are available within the in-house team.
- Flexibility for potential changes.
- Savings in procurement costs. This is essential, as the scheme budget is set based on construction costs only with no allowance for professional fees, Building Regulations and asbestos removal etc.
- Specialist knowledge of the buildings by both the Building Consultancy and the in-house contractor will again assist in keeping construction costs down for the aforementioned reasons.
- Saving time in the procurement process is also essential, as Dyke House School will be required to vacate the current site in the summer of 2010, any saving in time made at an early stage in the scheme is important for programme flexibility in case unforeseen problems are encountered. This is always a possibility when working in existing buildings.
- The in-house constructor specialises in this type of scheme and has continually delivered on the Civic Centre refurbishment scheme that is similar but of a much more complex nature. As mentioned earlier in respect of Jesmond Road School it is essential that the correct contractor be appointed for each scheme based on their individual merits.
- Any specialist sub-contract work packages that cannot be provided by the in-house team will be tendered and the best price option used. This will include such works as asbestos removal, replacement ceilings and floor finishes as examples.

**3.6 Rossmere Primary School.**

- 3.6.1 The proposed procurement strategy for Rossmere Primary School is now under consideration and could follow the same as that recommended for the former Brierton School and PRU site as the work content will be similar and therefore the advantages discussed earlier remain true for this scheme. Alternatively a best price tender could be used.
- 3.6.2 There is however an additional element to this scheme in that it may be still partially occupied during construction. The in-house team is experienced in working in occupied buildings and working with clients to minimise disruption.
- 3.6.3 The Council's bid for "Collocation" funds around the Rossmere Centre will also need to be considered.
- 3.6.4 Portfolio Holder's views are sought on these options.

**4. FINANCIAL IMPLICATIONS.**

- 4.1 The financial implication of each procurement strategy has been carefully considered to ensure that it will deliver best value and this will be achieved by agreeing competitive prices to ensure each scheme will be delivered within the agreed budget.

**5. RECOMMENDATIONS**

- 5.1 That the Portfolio Holders endorse the procurement strategies for each scheme as discussed in the report.