

WARRINGTON BOROUGH COUNCIL

EXECUTIVE BOARD - 18 JULY 2011

Report of Executive Board Member: Councillor Colin Froggatt,
Executive Member, Children and Young People's Services

Executive Director: Kath O'Dwyer,
Executive Director, Children and Young People's Services

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Key Decision No. 063/10

Ward Members: All

TITLE OF REPORT: DELIVERY METHODS FOR CHILDREN AND YOUNG PEOPLE'S CAPITAL PROJECTS

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to seek Executive Board approval to the use of frameworks or formally established partnership contractors within the Local Education Partner (LEP) and the North West Construction Hub to deliver major Children and Young People's Services capital projects in order to support the speedy and efficient delivery of such capital projects.

2. CONFIDENTIAL OR EXEMPT

- 2.1 This report is not confidential or exempt.

3. INTRODUCTION AND BACKGROUND

- 3.1 In the forthcoming months the Children and Young People's Directorate capital programme will continue to be delivered, with the next two major projects within the programme being Bewsey Lodge Primary School (indicative value of the scheme is £2.8m) and Woolston Primary School (indicative value of the is £4m).
- 3.2 The existing approach to delivery of capital projects of a value in excess of £3.5m involves advertisement of the project in the Office of the European Journal (OJEU) after which there is an extremely lengthy and therefore costly process involved in the selection and appointment of a contractor.

- 3.3 The market is currently very responsive to opportunities and as a consequence tendered prices are tending to be less than initial budget figures and offer very good value for money. However, given that the volume of interest is extremely high, this can introduce delays in programme delivery.
- 3.4 The most recent example of this, is the current project for replacement of Great Sankey Primary School which has followed the process:

Step	Action
1	Registration and publication via OJEU: 29 July 2010 Indicative start on site for the project within the notice: 3 May 2011 Indicative completion of the project within the notice: 13 August 2012
2	Interested contractors submit expression of interest by 7 September 2010 Interested contractors submit pre-qualification questionnaire (PQQ) by 14 September 2010
<i>At this point 76 contractors expressed an interest of which 45 submitted a PQQ.</i>	
3	Internal assessment of PQQ and short listing completed: December 2010
<i>At this point 5 contractors were shortlisted and invited to tender</i>	
4	Shortlisted contractors develop scheme to submission of tender to April 2011
5	Internal assessment of tenders and selection of contractor to 17 June 2011
6	Internal approval and appointment of contractor process: Executive Board on 18 July, and confirmed appointment early August
7	Successful contractor develops scheme to start on site: January 2012
8	Contractor construction process to completion of building: to October 2012

- 3.5 It can be seen in the table above that the original intention when the notice was first issued, was an anticipated start on site in May 2011 and therefore completion by August 2012.
- 3.6 The actual timeline is now an anticipated start on site - January 2012 and completion - October 2012, which means a delay of eight months in starting the project and a delay in completion of two months. The project is anticipated to take 27 months from step 1 – 8 (above) to deliver.
- 3.7 The largest contributory factor to the delay has been the additional time taken internally to coordinate, assess and select the contractors as a result of the following:
- Unanticipated high volume of returns initially from contractors requiring assessment and short listing;
 - That the same small team of officers were at the same time involved in the same process for the replacement of Sycamore Lane Primary school with a new school at Chapelford Urban Village. This scheme was following the same

timeline and received 88 initial expressions of interest to the OJEU and subsequently 45 PQQs were returned all requiring assessment.

- The volume of work associated with the development of five possible designs with five different contractors. Although this is not a particularly large number, there is a significant amount of work involved with each contractor and this is multiplied, in this case, by five.

3.8 It is clear that the process will undoubtedly deliver excellent new facilities for the school. However the time involved from initial confirmation that the school is a priority and funding has been allocated is far too long and involves a significant amount of officer and consultant time which is obviously extremely costly.

3.9 In order to reduce delays and reduce costs two alternative procurement options are proposed for consideration.

4. ALTERNATIVE PROCUREMENT OPPORTUNITIES

4.1 There are alternative procurement options available to the Authority, which are being used very effectively by many local authorities to deliver schemes in a less time consuming and therefore more efficient, way. Frameworks, for example, are being used by this Authority, though not currently on CYPs capital projects. In such arrangements once the partner is selected, they are in place potentially to deliver as few or as many projects as the authority considers appropriate, thus reducing time taken and expense incurred by repeating the assessment and selection process of each individual project.

4.2 Opportunity A - The Local Education Partnership (LEP)

4.2.1 Members will be aware that this Authority partnered with Halton BC on the procurement of a Local Education Partner (LEP) to deliver the Building Schools for the Future (BSF) projects. The early stages involved in selecting the LEP are similar to those used in the 'mainstream' procurement process (e.g. that used for Great Sankey Primary School illustrated in 3.2 above – i.e. publication of OJEU, submission of PQQ and then short listing.

4.2.2 This was followed by competitive dialogue process, to identify a partner capable of delivering a large programme of schemes. Warrington contributed £1m towards this process as part of the BSF procurement arrangements.

4.2.3 Since the Warrington BSF initiative was halted, Halton has continued to develop, select and appoint a bid team and establish the Halton LEP. The construction partners are therefore currently on site delivering the Halton BSF projects. Members of the Halton LEP have advised Warrington officers that we are still named in the original agreements and as such the LEP is available to us to deliver Warrington projects.

4.2.4 The Bewsey Lodge Primary School redevelopment project - if the LEP were to be used for this project the time required to deliver the project would be significantly

reduced and costs of procurement would also be reduced. If this were to be agreed it would be possible that the contractor could commence on site at Bewsey Lodge in March 2012 and complete the project by the end of the year 2012. This would reduce the time taken to deliver the project (as compared to the Great Sankey Primary School project) by approximately 10 months.

- 4.2.5 Given that this Authority has invested significantly in the creation of the LEP it is suggested that the LEP should be used to deliver the Bewsey Lodge Primary project, subject to both Executive Board's agreement and subject to the LEP satisfying agreed criteria in relation to cost and delivery. The indicative value of the Bewsey Lodge scheme is £2.8m.
- 4.2.6 In relation to the value for money, as part of the competitive dialogue selection process, the companies which were appointed to the LEP, had to demonstrate that cost and project delivery compared favourably with the market. These companies were also subject to continuous improvement targets and specific partnership agreements in relation to use of local sub-contractors and suppliers.

4.3 **Opportunity B - The North West Construction Hub**

- 4.3.1 The North West Improvement and Efficiency Partnership (NWIEP) provided financial support for the development of the North West Construction Hub and the establishment of a range of frameworks to deliver construction projects.
- 4.3.2 The frameworks have been established to provide access to contractors within the North West region with the necessary skills, expertise and capacity to deliver capital projects within a specified value range.
- 4.3.3 The arrangements put in place by the North West Construction Hub are accessible to all local authorities and other public sector organisations in the region and are there to facilitate the speedy and efficient delivery of projects.
- 4.3.4 Therefore, this provides another opportunity to the more traditional procurement route previously selected for school capital projects.
- 4.3.5 The timescale involved is likely to be slightly longer than using the LEP (Opportunity A above) as the process would still involve the selection of the contractor through a competitive process involving a small number of contractors chosen from the appropriate framework. The inclusion of a competitive element within the North West Construction Hub procurement route brings a degree of certainty in ensuring best value.
- 4.3.6 It is suggested that North West Construction Hub is the route chosen for delivery of the replacement of Woolston Primary School which is another approved priority capital scheme within the existing Children & Young People's Services programme and which has an indicative value of £4m.

5. FINANCIAL CONSIDERATIONS

- 5.1 A significant investment was made by the Authority in establishing the LEP and therefore it seems sensible to try to secure a return on this investment by using the LEP to deliver at least one capital project for the authority. This is especially relevant given the additional time and cost that could be saved on future projects.
- 5.2 There is opportunity to ensure that the LEP continues to deliver best value, in line with current rates available from the open market through the traditional tendering process. The process of engagement with the LEP on any new project requires submission of costs that are benchmarked against current market rates. In addition, as the value of work implemented by the LEP increases, there is a requirement at specific milestones, to reduce costs and this forms part of the contract agreement.
- 5.3 The element of competition in the North West Construction Hub procurement route has the potential to introduce greater certainty of ensuring best value in the procurement process and has a further benefit of the number of contractors and their design partners to choose from.

6. RISK ASSESSMENT

- 6.1 The alternative procurement routes identified in this report are being used successfully and effectively by other local authorities across the region and nationally. All risks will be identified as part of the project development and delivery process in order to put in place an appropriate risk management plan and mitigation strategy.
- 6.2 Further reports will be presented to the Executive Board in relation to the procurement outcomes for individual projects within the Children and Young People's Capital programme, which will include consideration and mitigation of all relevant risks.

7. EQUALITY AND DIVERSITY / EQUALITY IMPACT ASSESSMENT

- 7.1 Capital investment proposals deliver a positive impact on equality and diversity and the projects identified will have a significant positive impact on equality and diversity across the whole borough.
- 7.2 Additionally successful contractors appointed to frameworks and LEP have demonstrated an effective approach to securing improvements in equality and diversity as part of the selection process.

8. CONSULTATION

- 8.1 A minimum level of consultation has taken place on the projects at this stage.

8.2 However extensive consultation with schools and other stakeholders was a key element of the competitive dialogue process used for selection of the preferred bidder for the LEP.

9. REASONS FOR RECOMMENDATION

9.1 To support speedy and efficient delivery of capital projects in the future.

10. RECOMMENDATION

It is recommended that the Executive Board:

- (i) agrees to the use of the Local Education Partnership for delivery of the Bewsey Lodge Primary project, in the first instance and subsequent use as appropriate, subject to agreement by Halton BC and subject to the LEP satisfying specified cost and delivery criteria;
- (ii) agrees to the use of the appropriate framework within the North West Construction Hub for delivery of the Woolston Community Primary School project in the first instance and subsequent use as appropriate, subject to the Hub satisfying specified cost and delivery criteria.

11. BACKGROUND PAPERS

Not applicable.

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Hilary Smith	hsmith@warrington.gov.uk	01925 442875

12.	Clearance Details	Name	Consulted		Date Approved
			Yes	No	
	Relevant Executive Board Member	Cllr Colin Froggatt	√		17.06.11
	SMB		√		21.06.11
	Relevant Executive Director	Kath O'Dwyer	√		17.06.11
	Solicitor to the Council	Tim Date	√		21.06.11
	S151 Officer	Lynton Green	√		21.06.11
	Relevant Assistant Director	Ann McCormack	√		17.06.11