



Executive
29th May 2007

**Report from the Director of
Children and Families**

For Action

Wards Affected:
ALL

**Award of Contract of the New Pupil Referral Unit and
Improvements to Chalkhill Youth and Community Centre**

Forward Plan Ref: C&F-06/07-031

Appendix 2 is Not for Publication

1.0 Summary

- 1.1 This report requests authority to award the contract for the construction of the new Pupil Referral Unit ("PRU") and renewal and modernisation of the Chalkhill Youth Centre through part new-build and part refurbishment of the Chalkhill Youth and Community Centre, as required by Contract Standing Order 89. This report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to whom the contract be awarded.

2.0 Recommendations

- 2.1 That the Executive approve the award of the contract for the construction of the part new-build PRU and part refurbishment of the Chalkhill Youth and Community Centre to H L S Installations Limited.

3.0 Detail

- 3.1 The Authority's Joint Area View ("JAR") and OFSTED reports (Jan 2003 / Jan 2006) highlighted that the Authority was failing to meet its statutory obligations in respect of providing full-time education for certain excluded pupils. This situation was also identified in the SEN Best Value Review, which noted a lack of physical capacity combined with the absence of a provision to meet the

needs for categories of pupils (excluded and non-excluded) whose additional needs and educational histories hindered their accessing mainstream education, and identified as a priority the need to establish new PRU premises.

- 3.2 The OFSTED inspection report of the Church Lane Key Stage 4 PRU in October 2005 rated the service as “Outstanding”. However, it also highlighted the inadequacy of the accommodation stating that “it had reached the limits of its possible improvement”. In any event the capacity of the existing PRU is for an upper limit of 22 excluded pupils. As there is a roll of up to 35 excluded pupils at any one time, the Council has substantial reliance on external provision (at a unit cost higher than what Brent can provide for) in order to meet the requirements of full-time provision (25 hours per week line with DfES guidance). This level of exclusions reflect an upward trend in permanent exclusions over the past four years.
- 3.3 The Youth and Community (“Y&C”) building on site is in need of substantial refurbishment and remodelling – for example the roof needs renewal and internal accommodation needs to be redesigned so as to render the building more usable for the centre’s activities and the needs of young people in the 21st Century.
- 3.4 In view of the above, it was concluded that there was a need for a new PRU at the Y&C Chalkhill Centre site and for improvements to the Centre to address the issues raised in the JAR and OFSTED reports. The proposed works will deliver accommodation for up to 35 excluded pupils and facilities for the Youth Centre. Its scope will include limited demolitions, the reconfiguration of existing accommodation with additional new space. The scope and form of the new build is limited by the Y&C Chalkhill Centre being sited on a floodplain. Therefore following extension negotiation with the Environment Agency (whose initial view was to oppose any further development) via the sub-consultants advising the design team on flood plain matters, a maximum allowable footprint was agreed by the Environment Agency. The ground floor internal area represents no increase on the existing 805m². However to accommodate the necessary floor area for the service, an additional floor is being provided of 304m². A bigger building on the ground floor would only have been acceptable to the Environment Agency if flood relief measures were to be incorporated.
- 3.5 A report seeking authority to invite tenders in relation to this project was submitted to the Chief Executive on 6 June 2006 pursuant to his ability to exercise delegated powers in cases of extreme urgency under Part IV, Paragraph 2.3 of the Brent Constitution. Approval was subsequently given to invite tenders and evaluate them in accordance with the approved evaluation criterion.

The Tender Process

- 3.6 Following approval to tender, advertisements were placed in the Contracts Journal and the local paper (Harrow Times) in July 2006 seeking initial expressions of interest. Those organisations that responded to the advert were invited to complete the Council's Pre- Qualification Questionnaire which addresses issues such as Business Probity, Economic and Financial

Standing, experience of delivering similar work in occupied buildings and Health & Safety considerations. Eight organisations submitted Pre-Qualification Questionnaires and of these seven passed relevant checks. In accordance with the NJCC Code of Practice for Selective Tendering for Design and Build, only the four organisations which best met the Council's required standards or were able to comply with tendering requirements were subsequently invited to tender for this contract on 31 January 2007.

- 3.7 The tendering instructions advised that tenders would be evaluated, and the recommendation to award the contract would be made, on the basis of the lowest price subject to the tender with the lowest price being a compliant tender. The works were packaged in a way that enabled either non-essential or lower priority works to be eliminated from the contract if tenders for the whole of the work come in over budget, with tenderers being invited to tender on two bases: Tender 1 for the full scheme and Tender 2 for a reduced scheme.
- 3.8 The deadline for submission of tenders was initially 9th March 2007. This deadline was extended to 20th March 2007 at the request of the tenderers due to issue of addendum information and to enable the market better to price the package of works. Four tenders were subsequently received.

Evaluation Process

- 3.9 As part of the tender evaluation process, the Council's consultants, Sampson Associates, produced a detailed report which enabled the evaluation panel of Council Officers to check that all tenders were compliant and to analyse costs for the 2 tender options. The tender returns, higher than originally anticipated but within the provisional budget allocations (see 4.4 below), were probably caused by a combination of current market conditions (raw materials, particularly steel, have increased in price as have tenders generally as a result of extra work generated by the construction of the Olympic Village) and the mix of new build and refurbishment. However, the contract price can be contained from within the resources available for the SEN Review.
- 3.10 As part of the evaluation process, discussions with the proposed users of the PRU and Chalkhill Community Centre took place with regard to the 2 tender options. The users considered that the Tender 1 option provided the best option and there were serious doubts as to whether the Tender 2 option would have enabled the PRU and Youth Centre services to be delivered adequately. Officers also considered that the tenders received for Tender 2 demonstrated that in view of the reduction in works for Tender 2 as against Tender 1, Tender 2 would cost disproportionately more.

Results of the Evaluation Process

- 3.11 In view of the above, the evaluation panel recommends that the contract for the Tender 1 option be awarded to H L S Installations Limited of 57 London Road, High Wycombe, Buckinghamshire. This is based on the criterion of lowest price. H L S Installations tendered in the sum of £2,121,632.93 for the Tender 1 option. H L S Installations Limited did in fact tender the lowest price

for both tender options. Details of the comparison of tender returns and the named companies are shown in Appendix 1 and Appendix 2 respectively.

- 3.12 If members approve the award of the contract to H L S Installations Limited, it is proposed that there is a 12 week lead in period to the contract, with the construction phase of the contract taking 33 weeks. On the expectation that the Executive will agree to this report, the scheme would complete, for the purpose of practical completion and hand-over by the 31 March 2008. The Council's consultants have carried out due diligence tests and are satisfied that the contractors can perform to this timescale.

Risk Management

- 3.13 The contract is based on a Design and Build framework and therefore much of the financial and programme risk is transferred to the contractor. Nevertheless, the Council will manage the risk through the design team's on-going review of progress and costs with monthly report back to the Council. Other established protocol within the building industry (such as the RIBA workbook) will also be adhered to.

4.0 Financial Implications

- 4.1 The Council's Contract Standing Orders state that works contracts exceeding £1 million (High Value Contracts) shall be referred to the Executive for approval of the award of the contract.
- 4.2 The value of this proposed works contract is £2,121,632.93 with fees of £218,234.35, resulting in a total Contract Sum of £2,339,867.28.
- 4.3 The budget for this project was agreed by Members at the Council meeting on the 5th March 2007 as part of the SEN Review programme which totals £7.669m between 2006/07 and 2009/10.
- 4.4 The table below shows an extract from the 2006/07 to 2010/11 Children and Families Capital Programme detailing the SEN Schemes budgetary capital allocations as approved by Full Council on 5th March 2007. As can be seen from the table the budgetary allocation for this scheme is £2.879m between 2007/08 to 2009/10 which is sufficient to accommodate the proposed full contract sum for the scheme including fees of £218,234.35 as detailed at 4.2 above. However, it is also apparent from the table that the profile of the capital allocation does not match the completion date for the scheme of 31 March 2008 as detailed in 3.12 above. As a result, if this scheme is approved Children and Families will have to review the profiles of other schemes across the overall capital allocation in order that this scheme can progress whilst retaining the overall capital programme within the funding available for each financial year. Any re-profiling to the Children and Families Capital Programme required, dependent on decisions made on this report, will be reported to Executive within the first Capital Monitoring report for 2006/07 in the July cycle.

Programme Details	2006/07	2007/08	2008/09	2009/10	2010/11
	Capital Programme	Capital Programme	Capital Programme	Capital Programme	Capital Programme
	£000	£000	£000	£000	£000
SEN Schemes					
Grove Park/Hay Lane joint Post 16 facility	0	541	2,000	0	0
Woodfield	0	754	0	0	0
PRU conversion of ex Chalkhill Youth Centre	0	500	1,226	1,153	0
Commitments carried forward from previous years	513	208	774	0	0
SEN Schemes	513	2,003	4,000	1,153	0

Members should note that this matter should be considered in tandem with the contents of the report entitled “Authority to Award for Contract for the New Build Post 16 Building at Grove Park and Hay Lane Special Schools” elsewhere on this agenda which also deals with proposed expenditure falling on the overall SEN Schemes capital allocation, and outlines a need for re-alignment of the funding for the other schemes to be provided via the overall budgetary allocation.

- 4.5 Should any additional costs arise relating to this scheme, these will be contained within the department's overall capital allocations.

5.0 Legal Implications

- 5.1 The estimated value of this contract is below the Public Contracts Regulations 2006 (“EU Regulations”) threshold for works contracts and is not therefore governed by the EU Regulations. The Regulations are of residual application only (the need to issue a contract award notice, etc.). However, the overriding principles of EU law (equality of treatment, fairness and transparency in the award process) continue to apply and should be upheld at all times in relation to the award of the Contract.
- 5.2 The proposed works contract is subject to the Council's own Standing Orders and Financial Regulations in respect of High Value contracts and, as such, Executive approval is required to award the contract.
- 5.3 The form of contract for this project will be from the Joint Contracts Tribunal family of contracts and will incorporate Brent's standard amendments.
- 5.4 Planning Consent for the scheme was granted on 21st March 2007.

6.0 Diversity Implications

- 6.1 The existing accommodation for excluded pupils is inadequate to ensure full time education for excluded pupils. A disproportionate number of pupils from minority ethnic backgrounds are excluded from school (49% compared to 12% from non minority ethnic backgrounds).
- 6.2 The proposed improvement will create a high class purpose built learning environment aimed at making a contribution to improving standards and the

life chances of young people, some of whom are amongst the most disadvantaged groups in the Borough.

7.0 Staffing/Accommodation Implications

7.1 The resulting accommodation will improve the suitability of spaces for both staff and young people.

7.2 As there are asbestos materials in the present accommodation, the demolition works will be undertaken by a specialist company in a controlled environment and disposed of at an appropriate hazard waste site.

Background Papers

- Chalkhill Centre PRU files
- Report (Authority to Seek Tender Approval for a New PRU & Improvements to Chalkhill Youth and Community Centre) approved by the Chief Executive on 6 June 2006 in exercise of delegated powers in cases of extreme urgency under part IV, paragraph 2.3 of the Brent Constitution.

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