
REPORT OF
The Strategic Director People
TO
Procurement Board
ON
19th February 2020

TITLE: Approval for the outcome of the direct award (Stage 1) procurement process conducted through the NHS Shared Business Services Framework Agreement to award the contract to MTX Contracts Limited as constructor partner for the design and build of a new modular classroom block for Springwood Primary School (Craig Hall site), Irlam.

RECOMMENDATION:

That Procurement Board:-

- (a) Approves the direct award of the following Stage 1 contract for reasons of urgency for a project approved under the current Schools Basic Need Corporate Capital Programme in accordance with the following:-
 - (i) Approves the outcome of the (Stage 1) procurement process conducted through the NHS Shared Business Services Framework to directly award the contract to MTX Contracts Limited as constructor partner to design and build a new modular classroom block for Springwood Primary School (Craig Hall site).
 - (ii) Approves that delegated officers acting on behalf of Salford City Council progressing with the constructor partner in selecting a design and finalising costs for the delivery of the school in line with the agreed budget as Stage 2 of the procurement process.
 - (iii) Approves that a pre-construction agreement can be issued to cover the period of time between 20 January 2020 up to when the formal contract is executed.
 - (iv) Authorises that interim payments be made to MTX Contracts Limited under the terms and conditions of the pre-construction agreement for advance works costs accrued up to a value of £1,629,040.00 pending the agreement of a final contract price under the Stage 2 process.

Detail required	
Title/Description of Contracted Service/Supply/Project	Appoint by direct award a constructor partner to design and build a new modular classroom block for Springwood Primary School (Craig Hall site)
Name of Successful Contractor	MTX Construction Limited
Supplier Registration Number <i>(to be supplied by Corporate Procurement)</i>	04522396
Type of organisation <i>(to be supplied by Corporate Procurement)</i>	Private Limited Company
Status of Organisation <i>(to be supplied by Corporate Procurement)</i>	SME
Contract Award Price	£1,629,040.00 Full Project
Contract Value Including Fees and approved QRA (if applicable)	£1,784,573.00 Full Project
Contract Duration	31 weeks
Contract Start Date	20/01/2020
Contract End Date	24/08/2020
Optional Extension Period 1	months
Optional Extension Period 2	months
Who will approve each Extension Period?	Choose an item.
Contact Officer (Name & number)	Gregory Durkin 0161 779 4942
Lead Service Group	People Directorate
How the contract was procured? <i>(to be supplied by Corporate Procurement)</i>	Framework Call-off (Direct)
Framework Details (where applicable) <i>(Procurement Body, Framework Reference & Title, Start/End Dates, Hyperlink, etc.)</i>	NHS Shared Business Services Framework Agreement Schedule 5a Lot 7
Funding Source	Capital Programme

EXECUTIVE SUMMARY:

The purpose of this report is to seek approval for the award for the above mentioned contract to enable the provision of sufficient school places.

BACKGROUND DOCUMENTS (NOT OPEN TO THE PUBLIC)

Exempt under Paragraph 3 of Schedule 12 A of the Local Government Act 1972

“Tender Submissions and Evaluation documents”

KEY DECISION: Yes

DETAILS:

1. Background.

- 1.1 The works relate to the priorities determined under the Schools Basic Need Pupil Place Planning Programme.
- 1.2 The pressure for Special Education Needs Provision (SEN) and in particular demand for places at Springwood Primary School has continued over the last few years. Springwood Primary School is the only specialist school for children aged 2–11 with complex and challenging special education needs to serve the whole of the Salford local authority.
- 1.3 Craig Hall, located in Irlam, a former day centre for adults with special needs was developed in 2016 into a provision to provide additional capacity for Springwood Primary School. As part of the 2016 agreed phased ongoing plan and in line with current requirements for the intake of SEN pupils it is intended to provide a new five classroom block on the site in time to be open for the start of the September 2020 school term.
- 1.4 To meet the urgent programme requirements it is intended to utilise the NHS Shared Business Services Framework Agreement and in accordance with the framework criteria undertake a direct appointment with a single design and build contractor who can meet the delivery programme.
- 1.5 It is proposed to deliver the new school under a two-stage tender selection process. The first stage involves the selection and appointment of a contractor partner to undertake the works. The second stage will involve delegated officers acting on behalf of Salford City Council progressing with the contractor partner in selecting a design and finalising costs for the delivery of the school in line with agreed budget.
- 1.6 In accordance with procurement criteria MTX Contracts Limited have been selected from the NHS framework suppliers as the most appropriate provider and they have confirmed that they can meet the delivery programme. They have been engaged on a limited basis under a Delegated Decision Notice for professional fee services dating from 20 January 2020 relating to the initial design and cost estimates for the new classroom block. Under the proposed Stage 1 tender process design and cost estimates will be checked and benchmarked by delegated officers acting on the Council's behalf and the outcome reported back to Council for assessment and approval prior to proceeding to full contract.
- 1.7 There may be a requirement for a pre-construction agreement to be issued to cover the period of time between 20 January 2020 up to when the formal contract is executed.
- 1.8 Under the terms and conditions of such a pre-construction agreement in order to meet the urgent programme interim payments will need to be made to the contractor MTX Contracts Limited under Advanced Works Orders for costs

accrued up to the agreement of a full contract price under the Stage 2 process.

- 1.9 Payment of any Advanced Works Orders to MTX Contracts would be limited to the current estimated costs of £1,629,040.00.

2. The Procurement Process

- 2.1 The contract will be procured under a direct call-off in accordance with Public Contracts Regulations 2015 and the Council's Contractual Standing Orders via the NHS Shared Business Services Framework Agreement Schedule 5a Lot 7. The NHS Frameworks are designed to ensure competitive pricing, to help time savings and improve efficiencies. The framework has a specialist section for the provision of education standard modular buildings and the project is being delivered under this category. Given the urgent requirement that the works need to be completed in time for the start of the September 2020 school term the NHS Framework had the advantage of allowing for the direct call-off of a single contractor without the need for further competition. A direct call-off is allowed where the Authority is able to determine which Framework supplier will provide it with the most economically advantageous offer for the proposed call-off agreement by reference to the suppliers tenders submissions or the Framework Agreement and having regard to the particular requirements of the call-off agreement in question ie urgency.
- 2.2 The list of suitable contractors was examined and their prices benchmarked for value. MTX Contracts Limited was selected as the provider who represented the most economically advantageous provider and could also meet the delivery programme. It is intended to deliver the project under a two stage tender process utilising a design and build contract.
- 2.3 To meet with the programme MTX Contracts Limited have been initially engaged under a Delegated Decision Notice to undertake works relating to professional fees services to develop a design and finalise cost estimates for the delivery of the new classroom block. The Stage 1 process has indicated initial contract costs from MTX Contracts Limited of £1,629,040.00 together with associated professional fees and charges of £155,533.00 totalling £1,784,573.00.
- 2.4 The cost and design development are ongoing and the final costs under the Stage 2 process (subject to budget approval) will be reported back to Procurement Board for formal acceptance.

.3. Social Value

- 3.1 The Contractors ability to deliver Social value outcomes was assessed as part of the NHS Framework selection process; the successful bidder demonstrated a satisfactory capacity to deliver Social value outcomes.
 - (i) Under the contract MTX Contract Limited are utilising the services of MHA Architects who are a Manchester based company. MHA are a

local employer with 46% of employees living within 15 miles of the office. They have stated that all of their staff are employed through PAYE and paid at least Living Wage. They support work placement and student development and contribute towards their staff university fees. Staff training is catered for and they operate an employee assistance programme and achieved a Royal Institute of British Architects student mentoring award for 2019/20. They have confirmed that 70% of their annual spend is with local suppliers and they support local charities such as Shelter. As the project is developed towards full contract MTX will be tasked to ensure that they are committed to deliver social value through a bespoke implementation plan to ensure that social value will be delivered and monitored throughout the programme and to maximise environmental sustainability.

- (ii) Any KPI's that are set for the project for both waste and energy consumption will be continually monitored and reviewed at monthly project contract reviews, to ensure they continually improve and seek to go above and beyond industry standard.
- (iii) We would require that they align their sustainability plan to identify any further opportunities to deliver social value, including reviewing opportunities to combine with other Salford based schemes for greater impact.

3.2 The successful constructor partner will be asked to provide further evidence in support of the Stage 2 negotiated tender process. This will be closely monitored as part of the ongoing contract management.

KEY COUNCIL POLICIES: All relating to parents and children, inclusion and access to education. The Sustainable Development and Carbon Reduction Programme are also accounted for.

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS: All works and services provided via school provision capital projects will be undertaken in accordance with relevant legislation and guidance under the Equality Act 2010.

ASSESSMENT OF RISK: High. The works have been identified as a priority under the Pupil Place Planning Basic Need criteria. If the City Council does not increase its SEN school provision to meet the projected demand then the Council would not be fulfilling its statutory duty in relation to the provision of sufficient school places.

The works are required to be completed in time for the start of the new school term in September 2020 to provide sufficient capacity for pupil's education and the programme is being developed to achieve the delivery of the project contract to meet the necessary completion date.

SOURCE OF FUNDING: The funding sources currently available are those to support the Schools Corporate Capital Programme and are detailed in reports previously submitted for approval.

LEGAL IMPLICATIONS: Supplied by: Tony Hatton (Principal Solicitor) Tel. 219 6323.

When commissioning contracts for the procurement of goods, services or the execution of works the council must comply with the Public Contracts Regulations 2015 (PCR) and its own Contractual Standing Orders (CSO's), failing which a contract may be subject to legal challenge from an aggrieved provider. The proposed award of the contract follows an appointment by direct call-off in accordance with the NHS Shared Business Services Framework Agreement Schedule 5a Lot 7 under criteria relating to reasons of urgency.

The purpose of a framework agreement is to select through a procurement/evaluation process a number of providers who can meet the service requirements of the Council, as and when those services are required. If they are required then the Council will undertake an exercise to call off the services from one or more of the providers who have been selected to be on the Framework and this may be through any number of ways e.g. mini-competition, direct allocation etc. depending on the circumstances. A contract will then be formed between the Council and the chosen provider/s.

The Council will need to have followed the procedure set out in the framework agreement for direct allocation to ensure the procurement process is compliant. The NHS Shared Business Services Framework Agreement allows for the direct appointment of single contractor without further competition where, for reasons of urgency, it is not reasonably practical to award a contract by way of a mini competition. There is an identified need to provide increased provision for special needs school places for the start of the school term in September 2020 and the least risk to the Council to meet this statutory requirement is to directly engage with and appoint a suitable design and build contractor who could meet the programme requirements.

In line with procurement procedures it is proposed to directly award the contract to MTX Contracts Limited for the design development, cost estimates and initial project delivery under a Stage 1 procurement process with the proviso that the full project costs will be reported back for contract agreement to Council under the completed Stage 2 process.

The procurement procedures therefore appear robust and compliant with the requirements of the City Council's CSO's and public procurement legislation.

The award of the contract will commit the City Council to a formal arrangement and upon receipt of instructions Legal Services will assist in preparing the necessary contractual documentation to ensure the City Council's position and interests are protected.

FINANCIAL IMPLICATIONS: Supplied by Alex Archer (Finance Manager) Tel: 778 0498

The cost of the Phase 1 works can be met from within the budget provision for the scheme included under the approved Schools Corporate Capital Programme.

PROCUREMENT IMPLICATIONS: Heather Stanton (Category Manager – Corporate Procurement Team) Tel: 0161 686 6241

The contract was procured in accordance with Contractual Standing Orders under the Council's Constitution governing contract procurement consistent with criteria for a direct call-off award to a single contractor under the NHS Shared Business Services Framework Agreement Schedule 5a Lot 7 for reasons of urgency.

CLIMATE CHANGE IMPLICATIONS:

The project is being developed to meet or exceed current legislation and requirements relating to energy efficiency and carbon reduction. The operational and running costs of the new classroom block will be a significant factor in the overall requirements.

The final project design and construction will be in full compliance with current building regulations with aspects which exceed these where possible. The modular build will utilise the advantages of off-site construction techniques and reduce the requirement for multiple trades frequently travelling to the site.

Any sustainability plan would be targeted to also align with opportunities to deliver social value outcomes.

OTHER DIRECTORATES CONSULTED: N/A

CONTACT OFFICER: Cathy Starbuck - Assistant Director TEL. NO. 0161 778 0183

WARD(S) TO WHICH REPORT RELATE(S): All Wards
