

**ITEM No ...7.....**

**REPORT TO:** RECESS SUB COMMITTEE – 10 JULY 2023

**REPORT ON:** MODULAR CLASSROOM AND TOILET ACCOMMODATION – ST JOHN’S HIGH SCHOOL, DUNDEE

**REPORT BY:** EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

**REPORT NO:** 207-2023

**1 PURPOSE OF REPORT**

1.1 The purpose of this report is to provide an update on the development of a sourcing strategy for the tender process for either the hire or purchase of modular accommodation at St John’s High School, comprising four additional classrooms, to support the immediate requirement for additional Enhanced Support Area (ESA) provision, and additional pupil sanitary provision to satisfy His Majesty’s Inspectorate of Education (HMIE) report requirements, and to seek approval to commence a compliant tender process, leading to award of a contract.

**2 RECOMMENDATION**

2.1 It is recommended that the Sub-committee delegate authority to the Executive Director of City Development to finalise the procurement strategy and award a contract to the successful bidder, following a tender process carried out in compliance with the Public Contracts (Scotland) Regulations of 2015.

**3 FINANCIAL IMPLICATIONS**

3.1 The financial implications associated with this report are the estimated cost of the contract to be awarded as outlined below. Based on previous experience and market enquiries carried out against existing framework rates, the total capital cost of the contract is anticipated to be £830k to £860k, plus associated allowances and fees.

3.2 The framework tender exercise will consider 2 options for the procurement of the modular accommodation. Should the process determine that the rental option provides best value, this will be revenue funded, and will require to be added to future years budgets. Alternatively, if the capital purchase option provides best value, the project will be funded from Capital Plan 2023-2028 - Design a Modern Council - Property Lifestyle Development Programme.

Outlined below, are the estimated values for the two procurement options.

<b>Description</b>	<b>Estimated value (£)</b>
<b>Purchase Option (Capital)</b>	
Modular Accommodation Purchase	£860,000
Surveys and Services Infrastructure	£100,000
Fees	£96,000
<b>Total</b>	<b>£1,056,000</b>

<b>Rental Option (Revenue)</b>	
Upfront one-off costs for surveys, set-up, services etc	£100,000
10 years at Annual rental (52weeks @ £3,000/week = £156,000)	£1,560,000
Fees	£96,000
<b>Total</b>	<b>£1,756,000</b>

Once the formal tender has been awarded, any material variation from this sum will be reported to Committee if required.

#### **4 DETAILS OF THE PROJECT BEING COMMISSIONED**

- 4.1 The objective of the contract is, through compliant framework mini-competition, to identify the best value options between rental or purchase of modular accommodation for St John's High School. The additional modular accommodation is required for the medium term (5-10years) to support immediate increased demand in ESA provision, and supplementary pupil sanitary provision. Outright purchase of accommodation is being considered, if this proves to be overall best value. Sufficient capital budget has been identified for the purchase option from within Design a Modern Council Operational Capital. If the rental option is determined to be best value, the rental will be funded from revenue funding, and this would need to be added to future years budgets.
- 4.2 The timescales for the proposed construction and installation of the accommodation will be determined depending on the decision for purchase or rental, aligned with lead in times provided by the successful framework provider. Detailed programme dates for financial monitoring will not be known until conclusion of the mini-competition tender process.
- 4.3 Budget figures have been arrived at through the support of DCC Procurement Team in review of the compliant framework pricing structure, as well as direct liaison with framework participants. This has been cross-referenced with the cost of existing modular accommodation currently rented by the City Council.
- 4.4 This contract will include the addition of Community Benefit and Fair Work First. The Community Wealth Building Coordinator will work with the appointed contractor to agree community benefit outcomes with a focus placed in the first instance on agreeing outcomes which would be beneficial to the school.

#### **5 SOURCING STRATEGY SUMMARY**

- 5.1 In summary, this Sourcing Strategy seeks approval to progress with an appropriate compliant framework mini-competition process, for either rented or purchased modular accommodation. This additional teaching accommodation is required to support a response to an imminent demand for additional ESA provision, in direct support of that service. The modular accommodation will also tackle a shortfall in pupil sanitary accommodation, as highlighted in a recent HMle report.
- 5.2 This contract, whether a rental or purchase option is selected, will provide swift, flexible property solution to current and impending accommodation short-fall and challenges at St John's High School. It will avoid future negative HMle reporting relating to sanitary provision, and contribute to alleviating current pressure on the ESA service within St John's High School, and across the secondary education provision. Awarding delegated powers for tender acceptance will ensure a smooth and continuous process, from mini-competition tender through to acceptance and completion of works.

## 6 RISK ANALYSIS

- 6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge

Description of Risk	Actions To Be Taken To Manage Risk
<b>Commercial Risk</b> – that either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Low Risk - the contract will be tendered and awarded through a compliant national framework, through which all costs have been considered.
<b>Technical Risk</b> – this concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification.	Low Risk - the contract will be tendered and awarded through a compliant national framework. Framework participants have been required to demonstrate technical competence and product suitability in order to participate on the framework.
<b>Performance Risk</b> – this concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits.	Low Risk – Framework participants performance capability has been assessed as part of the framework requirements. Given the nature of the modular accommodation product, the short-term risk for delivery and installation is low. Product performance standards are also determined by the framework, and low risk to DCC.
<b>Contractual Risk</b> – being able to remedy the shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Low Risk - DCC are contractually protected via the framework and construction contract terms. The contract for delivery and installation is over a short period, with minimal risk.
<b>Legal Risk</b> – where a procurement is found unsound in law, through the public procurement rules.	Low Risk – Compliant Framework Route.

## 7 SUMMARY

- 7.1 It is recommended that the Committee approve this Sourcing Strategy and award appropriate delegated powers to the Executive Director of City Development to proceed as outlined.

## 8 POLICY IMPLICATIONS

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

## 9 CONSULTATIONS

- 9.1 The Council Leadership Team has been consulted in the preparation of this report.

**10 BACKGROUND PAPERS**

10.1 None.

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