



## PFCC Decision Report

**Report reference number:** PFCC/131/22

**Classification** OFFICIAL

**Title of report:** Essex Police College Headquarters L Block Demolition / Replacement of Modular Buildings. Contract Award – 7F-2021-P088

**Area of county / stakeholders affected:** Force-wide

**Report by:** Lesley Heywood, Head of Category (Property), 7 Force Commercial Services

**Chief Officer:** Mark Gilmartin, Director of Support Services

**Date of report:** 30/09/22

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### 1. Executive Summary

This decision report outlines the related procurement process and recommends that the Police, Fire and Crime Commissioner (PFCC) enters into contract award for the demolition and provision of a new replacement modular classroom at the Essex Police College.

### 2. Recommendations

The first recommendation is for the PFCC to approve the award of a contract to Wernick Group Ltd for a full turnkey solution for the demolition of the existing teaching block and the supply and erection of a new modular teaching block at a total cost of £668,471.

The second recommendation is that the PFCC executes that attached contract as a Deed under seal.

### 3. Background to the Proposal

The proposal is to replace the portacabins located to the rear of the college at Essex Police Headquarters which will provide up to date, fit for purpose accommodation by way of four replacement classrooms. The current portacabins are dilapidated and no longer suitable to be used as classrooms. The facility is beyond its working life and in urgent need of replacement.

The proposal to procure this building was incorporated within the wider approvals process contained within Decision Report 067-22 appended to this report.

The NHS Shared Business Services Framework Modular Buildings Lot 1 was identified as a suitable route to market for this building. A Capability Assessment was undertaken of suppliers named on the framework to determine if:

- a) The specification required could be achieved
- b) Work could be completed within the original budget of £768,500
- c) Completion of the work could be completed within the first financial quarter of 2023/24

Seven suppliers responded positively and, as a result, a mini competition was carried out under the NHS SBS Framework Ref SBS10091. Bidders were invited to submit a tender for a full turnkey solution for the demolition of the existing block and the erection of a new teaching block and associated areas.

One tender was received and two further suppliers responded confirming they were opting out of the process. One stated that “their operational and resource position changed significantly during the tender, they were unable to attend site and they felt their submission would not have been competitive” whilst the other stated “we have decided to opt out due to the award criteria significantly weighted towards price”.

Tenders were to be evaluated on the basis of the Most Economically Advantageous Tender with quality criteria accounting for 30% of the overall score and price making up the other 70%. Although only one contractor bid, an evaluation was still carried out on the recommendation of 7F Commercial due to market conditions.

Tender Evaluation Criteria	Tender Allocation Criteria %	Wernick Group Ltd
Price		£626,158
Commercial (Price) Score	70%	70%
Quality Score	30%	20%
Total Score	100%	90%
Rank		1

Following evaluation of the initial tender and further clarifications the final tender price increased to £668,471 as explained in section 9.

#### **4. Proposal and Associated Benefits**

Following the tender exercise, the proposal is to award a contract to Wernick Group Ltd.

Understandably there was concern raised that only one contractor had submitted a bid. However, having considered the market conditions within the construction industry in general, the reasons why some contractors did not bid and the capital budget approval of £768,500 (Decision Report 067-22) it was decided that the bid by Wernick Group was acceptable.

The NHS Shared Business Services Framework is an established cross-government framework of pre-qualified and experienced service providers. Using this framework provides confidence that the suppliers expressing interest returned bids of the required standard at competitive rates.

The framework allows the client to utilise any suitable contract terms and the framework's Standard Terms and Conditions of Contract will be used.

#### **5. Options Analysis**

##### **Do not award contract – option rejected**

This was not a viable option. If the investment is not undertaken, our new recruits will continue to be trained within substandard accommodation.

##### **Award contract – recommended option**

The procurement process as summarised in section 3 has resulted in an acceptable bid which is key to accelerating delivery of the capital programme and to mitigate inflationary impacts on projects.

#### **6. Consultation and Engagement**

The recommendation has not formally been consulted on with staff associations and this is not deemed to be required. Consultation has been undertaken with Learning & Development to ensure the proposal meets the immediate and future needs of the Essex Police College.

#### **7. Strategic Links**

The proposal aligns to Supporting our Officers and Staff, particularly trainee officers, embedding our organisation's values, recognising the contribution they make to preventing crime and keeping our county safe.

#### **8. Police operational implications**

The recommendation is supported by Essex Police Chief Officers. Undertaking the proposal facilitates modern fit for purpose training accommodation.

There will be a number of months whilst the existing modular classrooms are demolished and the new facilities are delivered and constructed. For the duration of the project, alternative facilities will be used for training.

## **9. Financial implications**

The proposed scheme has been allocated £768,500 of capital funding as detailed within decision report PFCC/067/22. Following the procurement exercise the most economically advantageous tender was returned and the contract value for the replacement modular building was £626,158 subject to detailed design. £21,894 of detailed design fees was committed against the project to undertake the detailed design and provide a fixed cost for the works.

Following the detailed design and clarifications the costs for the project were returned as £690,365 less the detailed design fee of £21,894 giving the total contract value of £668,471. The remaining project funding is allocated for items that are not included within the contract sum. These items include ground surveys, planning fees and design fees which have already been committed against the project and furniture yet to be ordered.

This cost increase of £42,313 between tender and detailed design / contract award reflects a number of factors, as follows:

- Following ground investigations, it was identified that, due to existing levels, more grading of the ground was required and, due to the type of soil, the cost for disposal was more than anticipated.
- Due to the clay soil additional works are required to install a sufficient rainwater disposal system which the existing unit does not have.
- The demolition costs of the existing building have increased due to demand and inflation within the area.
- The costs of materials have increased since the original tender received in March.

Any further delays in progressing the project will result in higher costs. According to the Construction Products Association, material prices increased by 21.9% in Quarter 1 of 2022/23, with building materials and components material costs continuing to increase at 3.7% per month on average.

The above figures exclude the costs associated with borrowing in respect of this project however it should be noted that this will lead to an increase in the force's capital financing requirement (CFR). This will result in charges to the revenue account relating to minimum revenue provision (MRP) and interest payable. For this project these costs will equate to the capital investment value of £768,500 being charged as MRP in instalments over the useful economic life of the related asset. In respect of interest payable for external borrowing it is assumed that the force will incur financing costs of approximately 3% for a period of 15 years. On the assumption the principal is not repaid in full until the end of the borrowing term this will result in total charges to the revenue account of proceeding with this project of £1,114,325, incorporating both the MRP and interest elements.

It should be noted that the above financing costs are already budgeted in the MTFS as part of the “subject to approval” capital projects, and these values are being provided for information only in respect of understanding the cost implications to the force of proceeding with this project.

## **10. Legal implications**

The procurement has been conducted using a framework agreement, compliant with the Public Contracts Regulations 2015 and 7 Forces Contract Standing Orders. Industry standard terms and conditions are being used and the contract will be executed as a deed to provide a 12-year limitation period for which the contractor is liable for defects, as opposed to a simple contract which provides a six-year period.

## **11. Staffing implications**

There are no staffing or other resource implications arising from this decision report.

## **12. Equality, Diversity and Inclusion implications**

An Equality Impact Assessment has not been completed for this decision report. The design of the building is fully accessible following ongoing liaison between Estate Services and the staff support networks, with improvements addressing accessibility throughout estates related projects.

## **13. Risks and Mitigations**

Procurement risks have been mitigated by the use of a compliant framework.

## **14. Governance Boards**

PFCC Strategic Board September 2022

## **15. Links to Future Plans**

The proposal links into the long-term investment strategy across our estate, providing improved facilities fit for modern policing. Although the Essex Police College forms part of the future Headquarters disposal, training will continue to be delivered from the facility for a number of years.

## **16. Background Papers and Appendices**

Appendix 1a - NHS SBS Framework SLA

Appendix 1b – NHS SBS Framework call off contract terms and conditions for modular buildings

Appendix 2 – PFCC Decision Report PFCC/067/22

**Report Approval**

The report will be signed off by the PFCC's Chief Executive and Chief Finance Officer prior to review and sign off by the PFCC / DPFCC.

Chief Executive / M.O.

Sign:

Print: P. Brent-Isherwood

Date: 14 October 2022

Chief Finance Officer

Sign:

Print: Janet Perry

Date: 24 October 2022

**Publication**

Is the report for publication?

YES

NO

If 'NO', please give reasons for non-publication (*Where relevant, cite the security classification of the document(s). State 'None' if applicable*)

None

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

**Redaction**

If the report is for publication, is redaction required:

1. Of Decision Sheet?

YES

2. Of Appendix?

YES

NO

NO

If 'YES', please provide details of required redaction:

The SLA and contract document are not to be published as they are commercially sensitive

Date redaction carried out: .....

**Chief Finance Officer / Chief Executive Sign Off – for Redactions only**

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

Sign: .....  .....

Print: Darren Horsman - Deputy Monitoring Officer

**Chief Executive / Chief Finance Officer**

**Decision and Final Sign Off**

I agree the recommendations to this report:

Sign: 

Print: Roger Hirst

**PFCC/Deputy PFCC**

**Date signed: 26 October 2022**

I do not agree the recommendations to this report because:

.....  
.....  
.....

Sign:

Print: