

ANGUS COUNCIL

CHILDREN AND LEARNING COMMITTEE - 21 FEBRUARY 2017

**ARBROATH SCHOOLS PROJECT (PHASES 2 AND 3) APPOINTMENT OF EXTERNAL
ADVISORY SERVICES - PROCUREMENT AUTHORITY APPROVAL REQUEST**

REPORT BY MARGO WILLIAMSON, STRATEGIC DIRECTOR - CHILDREN AND LEARNING

ABSTRACT

This report seeks procurement authority for the appointment of external advisory services (financial, legal and technical), where the maximum value of each contract may be above the Chief Officer's delegated limit.

1. RECOMMENDATION

It is recommended that the Children and Learning Committee:

- (i) authorise the Strategic Director of Children and Learning to procure the appointment of external advisory services (financial, legal and technical) on the basis of the most economically advantageous tender (MEAT) using a 70/30 Price/Quality split, in accordance with section 16 of the Council's Financial Regulations.

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME
AGREEMENT/CORPORATE PLAN**

2.1 This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Our children and young people are confident individuals, effective contributors, successful learners and responsible citizens
- We have improved the health and wellbeing of our people and inequalities are reduced
- Individuals are supported in their own communities with good quality services

3. BACKGROUND

3.1 Reference is made to Item 4.1 of the Report 207/16 which outlined the Scottish Governments funding parameters in relation to the Arbroath Schools Phase 2/3, specifically in relation to resourcing appropriate external advisors.

3.2 The council will use a Design, Build, Finance and Maintain (DBFM) form of contract to procure Muirfield and Ladyloan primary schools. This form of contract is the same used for Forfar Community Campus.

3.3 The replacement Hayshead primary school or Hayshead / St Thomas shared campus, subject to the consultation outcome, will use a Design and Build Development Agreement (DBDA). This form of contract is the same used for Brechin Community Campus.

3.4 In order for the council to undertake the DBFM contract, it is essential that the necessary financial, legal and technical advice is available from external advisors.

3.5 The purpose of appointing external advisors is not to replicate the skills of the council officers, but rather complement those skills with specialist commercial expertise. This experience is an essential element to deliver a project of this nature through the procurement phase.

- 3.6 Scottish Futures Trust (SFT) has acknowledged the requirement for the council to employ external advisors. SFT have confirmed they will provide up to £200,000 additional funding to support the cost of these external advisory service appointments. It is not envisaged that these appointments will exceed this additional funding.
- 3.7 Scottish Futures Trust previously had a Framework agreement to assist in the appointment of external advisors. This framework has now expired and the council requires to procure advisors directly.

4. PROCUREMENT AUTHORITY

- 4.1 The three advisor services required to be appointed are Legal, Technical and Financial. Based on experience from the pricing process for Brechin and Forfar Community Campuses, together with advice from SFT, it is estimated that the Legal advisor may exceed the £50,000 low value threshold for supply of services. It is anticipated that the Technical and Financial advisor services individually will be less than this threshold. However, authority is sought to appoint the advisors provided the total cost is within the £200,000 limit set by SFT for external advisors.
- 4.2 The tenders will be procured in accordance with the Financial Regulations. They will be evaluated on the basis of the most economically advantageous tender (MEAT) having regard to the following criteria which are weighted according to importance. Price is to be given a weighting of 70%, with the other quality related criteria listed below to be given a total weighting of 30% in accordance with the Financial Regulations. Once the tenders have been evaluated, as noted above then an acceptance will be issued to the tenderer providing the highest MEAT score.

Quality Criterion

- Experience – 30%
- Resources – 30%
- Quality and Performance – 40%

Price Criterion

- The weighted price of 70% will be evaluated on the basis of the lowest total price received following a check for arithmetical and rating errors.

- 4.3 The appointments will be in place to support the project through various stages of the hub DBFM procurement process up until Financial Close. The appointments would end at this time.
- 4.4 This procurement is not considered to be a "major procurement" in terms of Financial Regulation 16.8.4. Approval of this report would therefore mean that the contracts for each discipline (i.e. 3 contracts in total) can each be accepted without the need for further approval by the Children and Learning Committee. In accordance with the new arrangements the contract awards will be reported to the Children and Learning Committee for noting only.

5. FINANCIAL IMPLICATIONS

- 5.1 SFT has confirmed they will support the cost of employing external advisors for financial, legal and technical disciplines up to the value of £200,000. The Council will have a contractual obligation to pay advisers in terms of making stage payments during the course of these appointments. These costs will, however, ultimately be borne by SFT/ Scottish Government through the overall financial support they have committed to the project. At this stage the practicalities of these detailed arrangements are still to be finalised between the Council and SFT/ Scottish Government.

6. OTHER IMPLICATIONS

- 6.1 Risks - It should be noted that in the event the council does not progress with the project to Financial Close, then the council may be liable for all costs expended on external advisory services. It is unlikely the SFT would provide their funding support in these circumstances. The council will carry this risk until the project achieves Financial Close. However due to the previous experience the council has with East Central hubco in delivering Forfar Community

Campus, Brechin Community Campus and Arbroath Schools Phase 1, this risk is considered low.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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