

Appendix 1: Toutley East Care Home – Procurement Business Case

June 2022

In accordance with the Procurement and Contracts Rules and Procedures (PCRP) (see section 3.1.1): a formal business case is required for any procurement with a total value above £50,000. The level of approval required for the Business Case depends on the type of procurement and total ascertainable value of the contract, as indicated in the table below:

1. LEVEL OF APPROVAL

Type of Procurement	Level 1		Level 2		Level 3	
	Assistant Director & Director Approval		Executive Approval		Full Council Approval	
Goods and Services	£50k – £500k		> £500k	YES	Annual Value >£5m or TAV >£25m (if capital >£15m)	
Schedule 3 Services	£50k – £663k		> £663k			
Works	£50k – £4,733k		> £4,733k	YES		

NOTE:

- Executive meetings (Level 2) are held each month but the submission of papers is strictly controlled, resulting in a cycle of at least 6-weeks – speak to Democratic Services for assistance.
- Full Council meetings (Level 3) are held every second month and submission of papers is controlled as per Executive meetings – speak to Democratic Services for assistance.

2. PROJECT INFORMATION

Project / Contract Title	New dementia care home in the Toutley East Development: Construction Consultant and Contract
Project / Contract Description	<p>The new dementia care home for older people is planned as part the of the Toutley East development. A planning application has been submitted (LPA ref. 211777). On 13th July 2022 Planning Committee resolved to grant outline planning consent for the strategic masterplan. The care home will replace the existing Suffolk Lodge care home with a larger, more flexible, purpose designed care home that can also offer dementia nursing care.</p> <p>The project involves the construction of a new care home along with the supporting infrastructure. This business case is intended to seek approval for the procurement of two contracts relating with the delivery of this project:</p> <ol style="list-style-type: none"> 1. Procurement of consultant to produce design, submit reserved matters planning application and provide project management support. 2. Procurement of the main construction contract. It is currently anticipated that the construction phase will commence in mid-2023 and be completed by January 2025.
Expected Start Date & Duration (months)	<p>The consultant contract will need to start as soon as possible to ensure that reserve matter application is submitted on time to allow for the main contract to be procured and works on site to commence mid-2023.</p> <p>Planning application for outline design for this project was originally submitted in Summer 2021, however, the Environment Agency raised a number of concerns which needed to be addressed and this has caused a delay of this project. As a result, the delivery of the Care Home became urgent due to the circumstances explained further down in this document and a decision was made by Director of Resources and Assets and Director of Adult Services in consultation with Council Members to urgently commence design activities in February 2022. An initial amount of £200k have been invested in design related fees and surveys on the Toutley East development. A contract with a consultant will need to be procured to ensure continuous project management support.</p>

	Duration of the main works contract is estimated to be around 18 months, subject to successful appointment of consultant and main contractor to complete the construction element.
Any Extension/s Allowed (months) (e.g.: 1 x 24m / 1 x 12m + 1 x 12m)	Not applicable.
Total Ascertainable Value	Information included in Part 2
Procurement Advice <i>Provide a short summary of the advice or attach/append any written advice you have obtained, including the type of procedure, Brexit considerations and if the BC is for setting up of DPS or framework agreement.</i>	<p>1. Procurement of consultant to produce design, submit planning application and provide project management support.</p> <p>Based on the previous involvement of consultants in this project and on the need of the project to be delivered very quickly to allow for savings to be achieved by accommodating the need of residents with dementia care needs within our own facilities rather than in private care homes, a call-off (direct award) from CCS Construction Professional Services (RM6165) framework agreement, Lot 1 Built Environment may be the best procurement route for the appointment of the consultant and will certainly be the quickest one, if time is considered to be the main factor.</p> <p>2. Procurement of the main construction contract</p> <p>It is currently anticipated that the construction phase will commence in mid-2023 and be completed by January 2025. A competitive procurement process is recommended for the appointment of the main contractor, who will be delivering the construction works. This is likely to deliver the best value for money outcome.</p>
Finance Advice <i>Confirm budget availability and add any comments relevant to the budget.</i>	Head of Finance Business Partnering confirmed circa £14m availability in the current MTFP (February 2022)
Source of Funding (revenue or capital or specified other)	Capital budget
If procurement is for software, specify outcome of your consultation with IMT and/or Business Change	Not applicable.

3. PROJECT JUSTIFICATION

Link to Service or Corporate Objectives

The care home project is intended to meet objectives established in both the council's Community Vision and Corporate Delivery Plan.

The Community Vision establishes the need for "safe, strong communities", which requires the Council to "protect and safeguard our children, young and vulnerable people" and to "offer quality care and support, at the right time, to prevent the need for long term care". The new home will provide a safe environment for older residents with dementia. Apart from being a base for long term care, the new homes will provide hospital discharge services, to enable older residents to return to their homes after period of hospitalisation.

The Corporate Delivery Plan sets out ways in which the Community Vision objectives can be achieved.

Three delivery plan statements under "Safe, strong communities" are of particular relevance:

- Work together to shape services around the needs of the individual and deliver them in a way that empowers residents to live independent and healthy lives.
- Plan, commission and monitor high quality services that deliver value for money
- Work with residents and providers to ensure sustainable local provision of care services and a thriving voluntary sector.

The new home is intended to support personalised care, to enable residents to live healthy lives through good design (to promote walking as exercise and high standards of infection control), provide better value than current care arrangements and to provide an enhanced in-borough service provision.

The Equality impact analysis shows that the new home will enhance the lives of a number of people by providing additional high-quality facilities for older people with disabilities.

The scheme will deliver additional Social Value, as defined in the Public Services (Social Value) Act 2012. The Act establishes that Public Bodies (including local authorities) must consider how to "improve the economic, social and environmental well-being of the relevant area". The new home will ensure that local economic well being is promoted by providing additional opportunities for employment in the borough and ensuring that a higher proportion of the council's spend is within the council's area. Social wellbeing will be promoted through an improved living environment and through improved accessibility enabling local families to visit their old relatives more frequently.

Specification of the construction works will be driven by achieving high energy efficiency and low carbon emissions. The new homes high standards of insulation and all-electric provision help protect the environment by helping the borough move towards a more sustainable, net carbon zero future.

Project Specific Objectives, Appraisal of Options and Project Timetable

The project will lead to the replacement of the existing 37 bed Suffolk Lodge Care Home with a new Care Home offering 68 all ensuite bedrooms, that will be able to meet the needs of a wider group of clients, including those with nursing and bariatric care needs.

The appraisal of procurement options is set out below.

Financial appraisal and cashflow analysis

The analysis of the cashflow, with the Care Home retained by the Council demonstrates a positive financial return over the expected 60 year life of the building. Further detail of the financial appraisal of the development is included in the report to June 2022 Executive titled “*Toutley East Development: Strategic Masterplan*”.

Procurement Strategy

Public Contracts Regulations 2015

Due to the anticipated value of the project, the procurement exercise for both the works and services must be undertaken in accordance with the Public Contracts Regulations 2015 - either via Find a Tender Services (formally known as OJEU) or a call-off from a third party framework agreement.

The project will be delivered via the appointment of two suppliers

1. Professional services (consultancy services)
2. Construction works (main contractor)

The current business plan requires completion of the new care home by January 2025. Based on a 16-month construction period, including mobilisation, this requires securing a build contract by the Summer of 2023 and have the Care Home operating from January 2025.

A planning application has been submitted (LPA ref. 211777). On 13th July 2022 Planning Committee resolved to grant outline planning consent for the strategic masterplan. It is anticipated that there may be a further need to undertake detail design works in terms of flood mitigation post outline decision before contractor tender documents can be initiated.

The Operational Property team is working with the Procurement and Contracts team to agree on the most appropriate procurement strategy for each of the two contracts, taking into account the following factors.

Critical Success Factors

The critical success factors for the project are as follows:

- Time: the care home is to be handed over no later than January 2025. Failure to achieve this will result in additional revenue spend to fund placements for residents with dementia care needs in private care homes until the Toutley Care Home is completed and fully operational.
- Cost: best value should be achieved for the works and service contracts.
- Quality: the care home must be functional and meet the specific needs of the residents.

The below table compares the two compliant procurement routes, considering the project’s critical success factors:

	Competitive procurement process (international advertising on Find a Tender Service)	Call-off from a third party framework agreement, allowing for one of the suppliers on an approved list, developed via the compliant procurement of a framework agreement, to be awarded the contract
Time	Procurement process typically takes around 6 - 7 months to complete.	Procurement typically takes around 2-3 months, depending on various factors

		specific to the project and the subject matter.
Cost	Ability to drive best value through tailored competition.	Lower level of competition, however, the rates quoted by framework suppliers are usually capped to a specific maximum .
Quality	Allows the use of pre-qualification stage, which can result in a tender list of the most suitable contractors.	Supplier choice is limited to those on the framework, however, the suppliers have already been pre-qualified as part of the procurement of the framework agreement, which saves significant amount of time and effort.

Services – procurement of a Lead Consultant to provide multi-disciplinary services

Background/context:

1. The Council appointed a design team (Faithful & Gould) to complete a feasibility study and develop a “brief” for the care home – this was procured in Autumn 2020 as a call-off from CCS framework agreement (Lot 1 Multidisciplinary services - direct award).
2. This Consultant worked with the Council to successfully develop the brief through extensive stakeholder consultations.
3. The Consultant is also well familiar with the site, in its relationship with the neighbouring Toutley depot.
4. In view of the delay with determining the planning application, the Council initiated mobilisation of the design team in December 2021 (so as to mitigate some time losses, as explained above) and it was felt prudent to continue with the same design team, who already had the relevant knowledge about this project, had the capacity, capability and competence to provide the relevant services (Lot 1 Multidisciplinary services – CCS framework agreement).
5. In anticipation of achieving outline planning consent, the Council now wishes to engage the design team for the full provision of Services.

Options available

1. FTS tender – this will take approximately 20 weeks to complete and will most likely lead to additional delay of the project and uncertainty as to whether the target date for completion (January 2025) could be achieved.
2. Framework – mini-competition – this will take approximately 8-12 weeks and the rates are typically pre-agreed within the framework (albeit subject to change) and typically lower value is achieved by speculating on the resources and inputs needed. There are currently 20 suppliers on the proposed framework agreement (CCS Construction Professional Services - Lot 1: Built Environment), which will have to be invited to tender. Depending on the number of tender returns, further delay may be incurred if evaluation needs to take longer because of the volume of tender.
3. Framework – direct call off – this is the quickest approach, can enable the Council to continue with the current team and value for money can be evidenced against the frameworks rates which are set through a competitive open tender process and capped.

Crown Commercial Services Framework

It is recommended that the Crown Commercial Services (CCS) Construction Professional Services - Lot 1: Built Environment is used for the appointment of the Lead Consultant due to the following:

1. The framework is owned and operated by Central Government and sponsored by the Cabinet Office. The framework is founded on an Alliance structure to promote collaborative behaviour between clients, suppliers and framework managers.
2. The framework supports the implementation of key government policies and strategies, including building information modelling (BIM), life cycle costing, prompt payment, project bank accounts, early contractor involvement and social value.
3. The framework delivers a wide range of major and minor building and civil engineering projects for central government and the wider public sector. The flexible contract structure is designed to provide solutions for varying customer requirements.
4. CCS undertook a full competitive tendering process to establish a framework to deliver public sector building and civil engineering projects ranging in value from £0 to £80m+. The framework is arranged in to 6 Lots of varying levels of complexity, this includes general construction and specialist market areas: general built consultancy, urban, international, high-rise, defence and environmental professional services.
5. All commonly used procurement routes, tendering methodologies, payment arrangements and standard forms of contract are available through the framework. There are standard common government “boiler plate” clauses included for things such as GDPR and intellectual property rights.
6. Lot 1: Built Environment has 20 suppliers with relevant capabilities and experience.
7. The CCS framework is free to use by Local Authorities.

Recommended strategy

Taking account of the above, it is recommended that the Council continues to appoint a Lead Consultant via the direct call off process using Lot 1 – Built Environment.

Works – Main Contractor

Key criteria

1. Due to the nature and scope of works it is anticipated that a Design & Build form of contract will be utilised.
2. It is also anticipated that the Council will not enter into the build Contract until there is certainty with site infrastructure (access road, utilities etc.) which are being pursued by the Council under a separate contract.
3. Critical success factors mentioned above.

Options available

1. A Restricted FTS process – this fits in with the current anticipated timescales and is considered to be the best value option.
2. Utilisation of Frameworks – this is not recommended. Whilst this will have time benefits, in context of the value for money in terms of price this is often not the best route and a competitive tender process is anticipated to be better value, albeit subject to market interest and response.

Should there be a change in the key project parameters this recommendation will need to be reviewed.

Contract Management

Operational Property team, in consultation with relevant stakeholders, will manage the consultancy and construction contracts relating to the delivery of the whole scheme.

4. APPROVAL

Please fill in the applicable fields according to the level of approval required.

Note: If Level-2 or 3 approval is required, the document should be signed by Assistant Director and Director at Level-1 first, and then presented to the Executive (and Full Council where appropriate) for final approval.

Level 1

<i>Position</i>	<i>Name</i>	<i>Department</i>	<i>Signature</i>
Assistant Director	Sarah Morgan		
Director	Graham Ebers		

Level 2

NOTE: Level 1 approval must be completed first.

Please state the date of the relevant Executive meeting or Individual Executive Member Decision at which the Business Case has been approved.

	<i>Date of Executive meeting / approval</i>	<i>Item No</i>
Executive Approval	Required for Services and Works	

Level 3

NOTE: Level 1 and 2 approval must be completed first.

Please state the date of the relevant Full Council meeting at which the Business Case has been approved.

	<i>Date of Full Council meeting / approval</i>	<i>Item No</i>
Full Council Approval	Not required – below the threshold	

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