



## Report to the Strategic Director for Regeneration and Environment

Wards affected:

All

### **Authority to trigger Stage 2 Design and Build Contracts in relation to Phase 3 Primary School Expansion Programme**

#### **1.0 Summary**

1.1 This report recommends the Strategic Director for Regeneration and Environment trigger Stage 2 Design and Build Contracts for the Phase 3 Primary School Expansion Programme at Byron Court Primary School, Stonebridge Primary School and Uxendon Manor Primary School.

#### **2.0 Recommendation(s)**

2.1 The Strategic Director of Regeneration and Environment trigger the Stage 2 Design and Build Contracts with Graham Construction for the Phase 3 Primary School Expansion Programme at Byron Court Primary School in the sum of £ 11,872,271.

2.2 The Strategic Director of Regeneration and Environment trigger the Stage 2 Design and Build Contracts with Mid Contracting and Consulting Limited for the Phase 3 Primary School Expansion Programme at Stonebridge Primary School in the sum of £ 7,222,848.

2.3 The Strategic Director of Regeneration and Environment trigger the Stage 2 Design and Build Contracts with Lakehouse Contracts Ltd for the Phase 3 Primary School Expansion Programme at Uxendon Manor Primary School in the sum of £ 6,784,436.

#### **3.0 Detail**

- 3.1 The Capital Programme Team is responsible for the delivery of the Authorities Schools' Capital Programme, including the schools expansion programme.
- 3.2 To date, the programme has successfully delivered phase's 1 and 2, which has enabled the Authority to respond to school place planning needs, for both temporary 'bulge year' places and permanent expansions across the community school primary estate.
- 3.3 The phase 3 permanent primary expansion programme, will expand school provision at four community schools, providing an additional 7 forms of entry to meet the strategic objectives outlined in the School Place Planning Strategy. <http://democracy.brent.gov.uk/documents/s56382/Report%20-%20School%20Place%20Strategy.pdf>
- 3.4 The Authority has undertaken a compliant tender process, utilising a Design and Build two stage tender process. This two stage approach is a variant of the traditional design and build model. The first stage, known as the Pre Construction Services Agreement (PCSA), is based on a cost made up of the contractor's preliminaries, over-heads and profits, design and survey costs and any other pre-construction works that are specified. In this stage the appointed contractor works alongside the Council and school to develop the designs and tenders work packages to its subcontractor supply chain. The resulting cost triggers stage two (construction or works) and transfers the risk and responsibility to the contractor.
- 3.5 The contractor is appointed for both stages at stage one but there is no obligation on the Council to accept the price of the works contract at stage two. The forming of tender packages and subsequent tender returns is carried out under an open-book approach so the Council is able to observe how the appointed contractor is forming their stage two costs before accepting them. This allows the contractor to get a fuller understanding of the client's requirements compared to a single stage design and build contract. If the stage two price is not acceptable, the Council has the option not to trigger stage two and allow the contractor to return with a more agreeable cost.
- 3.6 The award of contracts was considered by Cabinet in December 2016 and authority was delegated to the Strategic Director of Regeneration and Environment in consultation with the Chief Legal Officer and Chief Finance Officer to award high value Design and Build contracts in respect of Byron Court Primary School, Stonebridge Primary School and Uxendon Manor Primary School.
- 3.7 The Strategic Director of Regeneration and Environment in consultation with the Chief Legal Officer and Chief Finance Officer subsequently awarded both Stages 1 and 2 Design and Build contracts in respect of Stonebridge Primary School and Uxendon Manor Primary School in January 2017 and in respect of Byron Court Primary School in February 2017 to the respective contractors detailed in the Recommendations.

- 3.8 Since the award of Stages 1 and 2 contracts, contractors have developed the designs and tendered work packages to its subcontractor supply chain to enable them to finalise their stage 2 costs. As detailed in paragraph 3.5, the Council is under no obligation to trigger Stage 2 of the Design and Build contracts unless satisfied with the Stage 2 costs
- 3.9 The Authority's cost consultants has evaluated the cost plans for each contract and has confirmed these offer Value for Money to the Council. In the circumstances, Officers recommend that the Strategic Director of Regeneration and Environment agrees to trigger the Stage 2 Design and Build Contracts for the Phase 3 Primary School Expansion Programme at Byron Court Primary School, Stonebridge Primary School and Uxendon Manor Primary School with the contractors and at the prices detailed in the Recommendations.

## **5.0 Procurement Comments**

- 5.1 It is considered that the Council has undertaken a compliant tender process.

## **6.0 Financial Implications**

- 6.1 These contracts will require the Council to use £1.7m of its programme contingency.

## **7.0 Legal Comments**

- 7.1 As detailed in paragraph 3.4, a two stage design and build contract is being used for these projects involving a PCSA as Stage 1 and the construction works as Stage 2. This form of contract requires the contractor to be appointed for both Stages 1 and 2 and in accordance with powers delegated by Cabinet in December 2016, the Strategic Director of Regeneration and Environment awarded Stages 1 and 2 to the various contractors detailed in the Recommendations.
- 7.2 Despite the fact that the various contractors detailed in the Recommendations have been awarded Stages 1 and 2, there is no obligation for the Council to proceed with Stage 2 if not satisfied with the designs and tendered work packages prices proposed by the contractor at the end of Stage 1. Given the value of the works packages the decision whether or not to trigger Stage 2 for the 3 contracts is considered to be a key officer decision

## Contact Officers

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