

To: Finance, Resources and Customer Services Policy Board

On: 23 May 2024

Report by: Report by the Director of Finance and Resources and the Director of Environment, Housing and Infrastructure

Heading: Contract Award: Paisley Grammar School Community Campus (PGSCC) – Principal Contractor (PC) Main Works (RC-CPU-21-247)

1. Summary

- 1.1 The purpose of this report is to obtain authority from the Finance, Resources and Customer Services Policy Board to award a Main Works package for Paisley Grammar School Community Campus (PGSCC) – Principal Contractor (PC) Main Works (RC-CPU-21-247) to Galliford Try Construction Limited, T/A Morrison Construction Scotland.
- 1.2 On 15 June 2022, a report was taken to the Finance, Resources and Customer Services Policy Board following a tender exercise to appoint a contractor for pre-construction services and a Design and Build Contract in respect of the Paisley Grammar School Community Campus. The report to that board set out that Galliford Try Construction Limited, T/A Morrison Construction Scotland was the most economically advantageous tenderer. At that Board the recommendation was approved to award the Pre-Construction Services Agreement for PGSCC to Galliford Try Construction Limited, T/A Morrison Construction Scotland. It was noted that a further report would be brought back to the Board once a more definite cost had been established in respect of the build element of the PGSCC Project.

- 1.3 An option, at the Council's discretion, to split the build element of the contract into two contracts, an Enabling Works Contract followed by a design and build contract, was permitted within the original procurement exercise. The Enabling Works Contract (ground improvement works), was awarded on 15 March 2024, following approval at this board on 8 February 2024.
- 1.4 A Contract Strategy addendum was approved by the Strategic Commercial and Procurement Manager and the Head of Property Services on 5 November 2021, this was to amend and update the Contract Strategy approved on 7 September 2021 for Paisley Grammar Community Campus Principal Contractor. This strategy set out the procurement approach to procure a Principal Contractor for the Paisley Grammar School Community Campus project for both pre-construction services and the construction itself.
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2. **Recommendations**

- 2.1 It is recommended that the Finance, Resources and Customer Services Policy Board:
- (a) Authorises the Head of Corporate Governance to award a Design & Build Contract for the Paisley Grammar School Community Campus (PGSCC) – Principal Contractor (PC) Main Works (RC-CPU-21-247) to Galliford Try Construction Limited, T/A Morrison Construction Scotland;
 - (b) Authorises the award of the Contract for the Contract Sum of £67,762,340.10 excluding VAT;
 - (c) Authorises a contingency spend of £6,979,521 which equates to 10.3% of the Contract Sum;
 - (d) Authorises a total Approved Contract Value up to £74,741,861.10 excluding VAT, (which is the total of the Contract Sum plus the contingency spend);
 - (e) Notes that the Date of Possession is anticipated to start on 17 June 2024, with the Date for Completion of the Works anticipated to be 12 June 2026. The actual dates will be confirmed in the Council's Letter of Acceptance to Galliford Try Construction Limited, T/A Morrison Construction Scotland.
 - (f) Notes that the Contract includes caps on liability for the following:
 - a. public liability (in respect of property damage only) at the level of £25 million for each and every claim.

- b. professional indemnity at the level of £10 million in the aggregate with an automatic annual reinstatement.
 - c. for uninsurable risks, in the absence of any Council or project metric to use, liability is capped at the contract sum.
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3. **Background**

- 3.1 Renfrewshire Council requires to replace the existing Paisley Grammar School and seeks to integrate the school with both the local community and enterprise organisations to form a new Paisley Grammar School Community Campus.

On 15 June 2022 the Finance, Resources and Customer Services Policy Board approved the recommendation to award a Contract for Pre-Construction Services Agreement for Paisley Grammar School Community Campus (PGSCC). The report noted that a further report would be brought to the Finance, Resources and Customer Services Policy Board seeking approval to enter into the Design and Build Contract with Galliford Try Construction Limited T/A Morrison Construction Scotland.

- 3.2 At the time of the original tender, the tender exercise was being carried out against a background of a very challenging market place with fluctuating costs in labour and material both post COVID and post Brexit. There was recognition therefore that it would be unreasonable to expect Contractors to tender a fixed price for construction works that were not yet designed and would not commence until 2 years post-contract award. This was balanced against a very real benefit of early contractor engagement in respect of buildability and delivery of the school.

- 3.3 The original tender exercise was carried out on the basis that Tenderers submit a defined price for Pre-Construction Services and that they also tendered a selection of key preliminaries items, overheads and profit in respect of the construction works which would be applied to an estimated construction cost. This ensured that these elements were competitively tendered. As per the rules of the Pre-Construction Services contract, the Contractor had to competitively tender the various work packages to their supply chain to ensure best value for the Council.

This was conducted as an open book procurement process with the Council's Property Services and the externally appointed cost manager reviewing and confirming the costs. Pricing of remaining preliminaries items was assessed by the externally appointed cost manager by benchmarking against other similar projects to verify value for money. The procurement process undertaken by the Contractor produced the actual construction cost to which preliminaries, overheads and profit derived from the original procurement exercise are applied to identify the Contract Sum for the main works.

- 3.4 As the board will be aware, the PGSCC is being delivered against a challenging funding programme and it was established that instead of awarding one Design and Build Contract, utilising the Council's option to instruct an Enabling Works Contract in advance of the full design and build contract would assist in meeting that programme. The Enabling Works Contract, largely ground improvement works, was awarded on 15 March 2024, following approval at this board on 8 February 2024.
- 3.5 This recommendation is to enter the final phase of this project, a Design and Build Contract with Galliford Try Construction Limited, T/A Morrison Construction Scotland to construct the new Paisley Grammar School Community Campus. The appointed Multi-Disciplinary Design Team (MDDT) contract will be novated to Galliford Try Construction Limited, T/A Morrison Construction Scotland. The appointed Contractor and their design team will deliver Renfrewshire's first school building to be constructed to Passivhaus standard. This methodology was adopted to comply with the Scottish Futures Trust's requirement for LEIP Phase 2 funded schools to be constructed to a high level of quality with low levels of energy consumption during its life cycle.
- 3.6 The form of Design and Build Contract will be SBCC Design and Build Contract for use in Scotland 2016 edition, accompanied with bespoke Employer's Amendments and Preliminaries.

Implications of the Report

1. **Financial** – The value of the Main Works Contract will be up to £74,741,861.10, including a contingency allowance of £6,979,521, and exclusive of VAT. This is part-funded by the Scottish Futures Trust within the Stage 2 Learning Estate Investment Programme (LEIP) and the Council's Non-Housing Capital Programme.

2. **HR & Organisational Development** - None arising directly from this report.

3. **Community/Council Planning –**

- *Our Renfrewshire is fair* - Tenderers were assessed within Award Criteria regarding their approach to ensuring fair working practices throughout their organisation and supply chain, i.e., payment of the living wage, training and development opportunities, etc.
- *Reshaping our place, our economy and our future* - The work from the design to the main works will create many employment opportunities across Renfrewshire. The Community Campus itself will redevelop an empty space and it will provide a base for learning and development for current and future generations.
- *Building strong, safe and resilient communities* - The new Paisley Grammar not only operates as a school; it will also provide facilities for use by the community and partner organisations. This will help nurture and bring communities together.
- *Tackling inequality, ensuring opportunities for all* - The work and objectives of this project have the power to tackle inequalities that exist in Renfrewshire throughout all communities. It has the ability to deliver opportunities for all, through Community Benefits and the wider work of the project.
- *Creating a sustainable Renfrewshire for all to enjoy* - The new Paisley Grammar School Community Campus will provide a fresh new learning base for over a thousand young people with internal environmental quality of a high standard. It will give back to the communities that it serves by providing space for public use in a sustainably designed, low energy building.
- *Working together to improve outcomes* - The new Paisley Grammar School Community Campus will deliver many outcomes throughout its lifetime through the strengthening of the partnership working between school and community, providing good quality services, and new ICT developments and opportunities.

4. **Legal** - The procurement of this contract was conducted in accordance with the Competitive Procedure with Negotiation under the Public Contracts (Scotland) Regulations 2015 and the Council's Standing Orders Relating to Contracts.

The original procurement was for a single Principal Contractor for both pre-construction services and the construction itself. The appointed Multi-Disciplinary Design Team contract will be novated to the Contractor.

5. **Property/Assets** – The Council identified the construction of a new Paisley Grammar Community Campus as its learning estate investment priority in May 2019. The Council's investment in its learning estate offers the opportunity for a place-based approach to local outcomes, integrating local services to support communities.
6. **Information Technology** - None arising directly from this report.
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – Galliford Try Construction Limited, T/A Morrison Construction Scotland's health and safety credentials were assessed in the original procurement exercise and met the Council's requirements regarding health and safety.
9. **Procurement** – The original procurement was for a single Principal Contractor for both pre-construction services and the construction itself.
10. **Risk** – Galliford Try Construction Limited, T/A Morrison Construction Scotland insurances were assessed in the original procurement exercise and met the requirements regarding insurable risk, including noted liability caps.

There is an interface with the Advanced Manufacturing Innovation District Scotland (AMIDS) South contract and this project. This is currently being managed through regular meetings of the respective teams delivering each project to mitigate associated risks.

11. **Privacy Impact** – None arising directly from this report.
12. **Cosla Policy Position** – None have arisen or are anticipated.

13. **Climate Risk** - Tackling Climate Change and working towards Net Zero have been addressed throughout the Paisley Grammar School Community Campus Project. This will be the first Passivhaus School in Renfrewshire, which is supporting the Council's vision and work of becoming net zero by 2030.

The environmental impacts considered are broad and range from the disposal of waste generated from the works being carried out to the types of vehicles and machinery that will be used on site. The Contractor will be required to consider emissions from their vehicles when working on site and to switch engines off when not in use to prevent unnecessary emissions.

Galliford Try Construction Limited, T/A Morrison Construction Scotland set out in their tender response an aligned approach to Renfrewshire Council's Net Zero Strategy with opportunities that include:

- “Reduction in Emissions – Using One Click LCA we can report on embodied carbon for the project, and our strategy to invest and promote the use of a local supply chain will help to keep the project's carbon footprint down.
- We propose to explore opportunities with the Advanced Manufacturing District Scotland (AMIDS) to understand any current and future opportunities to connect to their district heating network (BHN).
- Waste Reduction - following our Design for Manufacture and Assembly (DfMA) approach this will reduce the amount of construction waste;
- Reduction in Energy Use and Business Travel – our strategy to invest and promote the use of a local Supply Chain will help to reduce our carbon footprint; and
- Climate Change Sub-Committee – We will offer up our skilled team to be involved in your Climate Change Sub-Committee and support your Youth Assembly through active participation.”

The level of impact associated with provision of these works has been assessed using the Scottish Government Sustainability Test and is considered to be overall low risk.

List of Background Papers

- 1) Contract Authorisation Report - Paisley Grammar School Community Campus Principal Contractor, approved by the Finance, Resources and Customer Services Policy Board on 15 June 2022.
- 2) Contract Award: Paisley Grammar School Community Campus (PGSCC) – Principal Contractor (PC) Enabling Works, approved by the Finance, Resources and Customer Services Policy Board on 8 February 2024.

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