

NORTH SOMERSET COUNCIL DECISION



DECISION OF: COUNCILLOR MIKE BELL, THE EXECUTIVE MEMBER FOR CAPITAL PROGRAMME INCLUDING MAJOR PROJECTS

WITH ADVICE FROM: THE DIRECTOR OF PLACE

IN CONSULTATION WITH: SECTION 151 OFFICER AND HEAD OF STRATEGIC PROCUREMENT

DECISION NO: 24/25 DP 422

SUBJECT: CHANGE OF SCOPE TO STAGE 1 OF THE GALLIFORD TRY CONTRACT FOR THE DESIGN AND BUILD OF THE BANWELL BYPASS

KEY DECISION: YES

This decision has not been listed on the Forward Plan. Access to Information rules have been followed.

REASON:

The total sum for bringing essential activities forward from stage 2 to stage 1 exceeds £500,000.

BACKGROUND:

In June 2020, North Somerset Council (NSC) accepted £97,067,550 of grant funding from Homes England's Housing Infrastructure Fund, entering into a Grant Determination Agreement (GDA), decision 20/21 COU09.

In March 2021, the Council entered into a contract with Alun Griffiths Contractors Ltd (AGCL) which marked the first stage of two interlinked contracts to deliver the design and build of Banwell bypass. The stage 1 professional services contract concluded in December 2023 and produced a preliminary design with planning permission for the bypass. Between 2021 and 2023, the Council progressed the design of Banwell bypass, undertaking extensive public consultation in advance of planning submission in July 2022 which was granted approval in March 2023.

In February 2024, Alun Griffiths Contractors Ltd unexpectedly pulled out of signing the stage 2 contract for detailed design and construction. The project team were not anticipating the change of events as the contract terms and target cost had been agreed and Full Council approval obtained in November 2023.

Following this, the Council commenced early environmental works on site in April 2024 to meet ecological timeframes for removing vegetation and undertaking phase 1 ecological planting. Alongside this, procurement for a new contractor was undertaken.

The revised procurement plan (24/25 DP49) set out the various routes to market, concluding that a single supplier framework agreement would be most favourable given the constraints around the funding availability period.

Full Council decision 24/25 COU26 on the 9 July 2024 resolved that the updated information in the report was noted and the decision to award the design and build contract for the Banwell bypass be taken by the Director of Place in accordance with Contract Standing Orders

Following this Director Decision 24/25 DP150 approved:

1. To award the design and build contract for Banwell bypass to Galliford Try Construction Limited, Registered Address Blake House 3 Frayswater Place, Cowley, Uxbridge, Middlesex, UB8 2AD, (company registration number 02472080) at an estimated contract value of £54,068,725.
2. To approve expenditure under the contract for the Stage 1 works valued at £4,469,015.

The contract was signed and entered into on the 10 September 2024. The contract is an NEC4 Engineering and Construction Contract Option C: Target Contract. The procurement plan identified that a single design and build construction contract was the preferred form of contract for the bypass. This route allows for contract works to progress with the comfort of an ability to not progress to Stage 2 Construction should the Target Cost not be agreed. The contract is made up of two stages.

Stage 1 of the contract provides early contractor involvement under the X22 clause of the contract. This stage of the contract has covered the detailed design of the Bypass and discharge of planning conditions, completion of advance construction works to de-risk the project programme and the production of the target cost for the remaining design and construction (stage 2).

DECISION:

To continue with critical activities already planned for Stage 2 of the contract, the Scope is to be amended to bring additional spend into Stage 1 by an increase of £842,234. This additional spend will take the forecast cost of Stage 1 to £5,311,249 but will enable Galliford Try to deliver critical works without affecting the Programme.

REASONS:

The approval by Full Council to enter into the notice to proceed with stage 2 of the contract with Galliford Try has been delayed from November to early 2025. This was to give time for Galliford Try to produce a robust target cost and provide sufficient time for review and validation of the cost estimate by NSC & Atkins (cost consultants for scheme) to ensure value for money. Most of the works identified for stage 1 of the contract are complete, but as a result of the delay to notice to proceed, to reduce the risk to the overall construction programme, Galliford Try were asked to detail the most essential works required before stage 2 that had originally been planned for early in that stage. These works include archaeological investigation, Ground Investigation, surveys and planting. There are also ongoing costs for staff, office hire, security, plant, design and preliminaries. As these works would have been completed in stage 2, additional spend is not significant and the Council would have still been liable for preliminary and staff costs if they had been stood down completely.

With works being brought forward into Stage 1 from Stage 2 to mitigate threats to the overall construction programme, this would not have a significant impact on the overall Target Cost budget. As cost for Stage 1 increases to capture these advanced works, Stage 2 cost will be reflective of this.

OPTIONS CONSIDERED:

1. To stand Galliford Try down, from doing any further activities until the Notice to Proceed has been issued for stage 2. Cost will still be incurred for staff, office rental, security, plant/equipment, with an associated risk to the programme causing delay and potential extra cost to the stage 2 Target Cost. These costs are substantiated below in Table 2.
2. The recommended approach is to proceed with only essential activities to mitigate the risk to the scheme programme, while minimising expenditure prior to the approval of notice to proceed, costing an additional £842,234 from what is currently authorised (Shown in Table 1). This requires a change of scope to increase the stage 1 contract spend.

FINANCIAL IMPLICATIONS:

Costs

The project team currently have authorisation for £4,469,015 of spend (24/25 DP150). The new forecast value for stage 1 is £5,311,249 which is an increase of £842,234. The spend profile to date and forecasted spend is shown in Table 1.

Table 1- Galliford Try Forecasted Spend Profile

Month	To date	Dec-24	Jan-25	Total
Amount	£3,337,839.00	£1,081,935.00	£891,475.00	£5,311,249.00
Cumulative	£3,337,839.00	£4,419,774.00	£5,311,249.00	£5,311,249.00

Table 2- Galliford Try Spend Profile assuming demobilisation (not recommended)

Month	To Date	Dec-24	Jan-25	Total
Basic staffing level	£3,337,839.00	£350,00.00	£350,00.00	£4,037,839.00
De-mob/Re-mob		£1,750,000.00		£1,750,00.00
			Total	£5,787,839.00

To summarise table 2, based on a reduced prelim and staff basis, but a retained site setup with key staff the costs would be circa £350k/month, totalling £700,000.00 for December and January. A complete de-mobilisation / re-mobilisation based on 1 month's costs to organise, abortive works / making good, securing the site and demobilisation / remobilisation costs we would be looking at circa £1.75m bring the total spend to around £5,787,839.00. It should be noted that demobilisation would halt all works on site which would result in programme delay and additional costs.

Funding

The additional costs for stage 1 of the contract will be charged to KDT703 which is the Council's cost centre for construction costs relating to Banwell Bypass.

LEGAL POWERS AND IMPLICATIONS

Contract Standing Orders 31 provides that:

31.1 Instructions to vary a Contract shall be made in writing and before the variation is made approved by the relevant Director and referred to Legal Services for advice where the Contract is subject to the PCR 2015.

31.5 Capital projects with a compensation event/change control mechanism allowed for within the Contract, for example NEC4 Contracts, may manage Contract variations within the project structure/governance, subject to an appropriate delegated authority decision and monitoring at Capital Programme Planning and Delivery Board (CPPDB).

31.6 Following permission to vary a Contract, Contract managers must inform the Procurement Service of the variation (see 7.6) and must provide a signed Decision to allow the Procurement Service to update the Council's Contract Register.

North Somerset Council have entered an NEC4 Engineering and Construction Contract (ECC) utilising X22 as a secondary option. X22 provides Clients with the ability to undertake a two staged contract allowing for Stage 1 activities being detailed design, discharge of planning conditions, planning or scheduling of the works and delivery of advanced enabling works to de-risk the project. During Stage 1 the Contractor provides and agrees a Target Cost for agreement with the Client. As part of the X22 option a Notice to Proceed is issued by the Project Manager to confirm progress to Stage 2, which will be to undertake full construction of the works.

As part of the two staged approach the Project Manager instructs changes to the scope to align with the Clients requirements. It is proposed to seek authority to instruct this change via the NEC Project Manager to provide further design and early delivery works. For clarity, these works have been forecast as part of the Stage 2 works and would be removed from Stage 2 and placed within Stage 1 to continue to de-risk the project, and as such no increase to the overall project budget.

Clause 31.5 of the Contract Standing Orders note that contract variation or changes to the scope can be managed by the contract structure and governance. As this is an NEC4 contract, change can be managed through compensation events.

The Banwell Bypass is monitored as reported via the CPPDB capital tracker. The HIF Steering board were in support of varying the scope in November 2024 and there is no impact on overall budget as there is allocation for these costs within the financial forecast for the scheme.

The reasons for the increase are set out above in the reasons section of the report.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Chapter 14 of the Environmental Statement submitted with the planning application for the Scheme sets out the impact of the Scheme on climate and the environment (considering National Policy and legislation) and considers the resilience of the Scheme to climate change, including how the Scheme design has been adapted to take account for the projected impacts.

The whole life carbon impact of the Scheme has been considered from the design, through construction to end user generated carbon, targets have been set against a baseline. The new design and build contractor is required to continue to monitor and deliver on the carbon commitments in the Carbon Management Plan, by updating the carbon assessments during stage 2.

The ecological mitigation and measures to provide biodiversity net gain have been set out in the preliminary design submitted for planning approval. Updated biodiversity net gain assessments are required at the end of detailed design and construction. The new contractor is required to continue to monitor and deliver on the environmental commitments.

CONSULTATION

The senior leadership team, Exec Member, and Head of Scrutiny have been frequently briefed on the current situation regarding the target cost and have been briefed via the HIF Steering Board update that was circulated 17 December.

PROCUREMENT

If this is a procurement over £5000 has the mandatory pre-procurement engagement form been sent to procurement? N/A

RISK MANAGEMENT

<u>Risk</u>	<u>Inherent Risk</u>	<u>Residual Likelihood</u>	<u>Residual Impact</u>	<u>Residual Risk Score</u>	<u>Comments</u>
Further delay to stage 2 commencement results in additional funds needed in stage 1	HIGH	3	3	MEDIUM	1. Collaborative working to ensure target cost is value for money 2. Review of high risk activities to ensure balance of keeping to

					programme and preventing abortive works.
Insufficient cost allowance for stage 1	MEDIUM	3	2	LOW/MED	1. Regular cost monitoring of fees/invoicing. 2. Undertake internal NSC governance to increase cost allowance. 3. Produce and submit updated stage 1 forecasts from Galliford Try
Performance of contractor is not as expected	MEDIUM	3	2	LOW/MED	1. Review of performance 2. Monitoring of monthly spend and output of deliverables

EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? Yes

An EqlA was submitted as part of the planning application. The new contract requires the supplier to update the EqlA as part of the detailed design process.

CORPORATE IMPLICATIONS

The Scheme supports the North Somerset Council Corporate Plan 2020-2024 whereby delivery of the Scheme is a measure of success against the corporate priority of delivering a broad range of new homes to meet growing need (with an emphasis on quality and affordability).

APPENDICES

N/A

BACKGROUND PAPERS

COU09 Acceptance of HIF grant (16 June 2020)

Commissioning Plan (June 2019) 24/25 DP 49 Revised Housing Infrastructure Fund (HIF) Procurement Plan for the delivery of Banwell Bypass and Highway Improvements

24/25 DP150 Contract award for the design and build of Banwell bypass and authorisation of spend associated with stage 1 professional services and works

24/25 COU26 Banwell Bypass Progress and Future Steps (9 July 2024)

SIGNATORIES:

DECISION MAKER(S):

Signed:  Executive Member for Capital Programme Including Major Projects

Date: 2 January 2024

WITH ADVICE FROM:

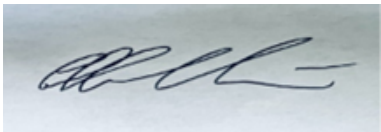
Signed:  Director of Place

Date: 20 December 2024

In consultation with:

Signed:  S151 Officer

Date: 20 December 2024

Signed:  Head of Strategic Procurement

Date: 20 December 2024