



City of Westminster

# Cabinet Member Report

<b>Decision Maker:</b>	Cabinet Member for Finance and Council Reform
<b>Date:</b>	27 November 2023
<b>Classification:</b>	General Release except for Appendix 1 which is exempt under Paragraphs 2 and 3 of Schedule 12A Local Government Act 1972 in that it contains information which is likely to reveal the identity of an individual, information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
<b>Title:</b>	Appointment of a main contractor for works to council properties.
<b>Wards Affected:</b>	All
<b>Policy Context:</b>	Fairer Council
<b>Key Decision:</b>	This is a key decision and an entry has been included for 28 days on the list of forthcoming decisions
<b>Financial Summary:</b>	The contract value is £35million + VAT.
<b>Report of:</b>	Executive Director for Finance & Resources - Gerald Almeroth

## **1.0 Executive Summary**

**1.1** The purpose of this report is to obtain approval for award of a contract for capital minor works projects to non-residential properties managed by the Corporate Property team. Following a competitive tender process, in which five tenders were received and evaluated, the contract is proposed to be awarded to Logan Construction Ltd (Companies House registration no. 03167858) as their bid was the highest scoring and is the most economically advantageous tender received.

## **2.0 Recommendation**

**2.1** That the Cabinet Member for Finance and Council Reform approve the award to Logan Construction (South East) Ltd (Companies House registration no. 03167858) to deliver capital minor works projects within the Corporate Property estate. The Contract will be for 3 years with the option to extend an additional 2 years by annual increments. The total contract value for the proposed contract period is estimated to be £35m excluding of VAT (£42m including VAT) including the potential extension period.

## **3.0 Reasons for Decision**

**3.1** The requirement is to cover all Capital Minor works projects to buildings managed by Corporate Property, which will include maintenance, refurbishment, alterations and extensions. The need for the work is identified in a variety of ways, including stock condition surveys, compliance inspections, service requirements, strategic requirements. The work includes minor works identified but not classed as emergency/urgent.

**3.2** Works will be completed on the Council's corporate estate of approximately 100 buildings including Libraries, Leisure Centres, Schools, Offices, Public Buildings, Cemeteries, or similar, as well as some of the Council's investment estate including housing (which would be ancillary to the main building use) and retail.

**3.3** Works will be varied in nature and value anticipated to range from £10,000 to £2,000,000 per project, with multiple sites running concurrently. Works will vary in urgency with some planned works and some more reactive in nature due to defects affecting the operation of the building requiring quick action.

## **4.0 Background, including Policy Context**

**4.1** At the first stage of the restricted process, 14 responses were received from the publication of a Selection Questionnaire. All the responses were evaluated by a team comprising council officers and one representative from Atkins Realis. The moderation exercise was overseen by the Procurement team. The decision was taken to progress the top six scoring suppliers to the next stage of the procurement process.

At the Selection Questionnaire stage suppliers were questioned around the areas listed below:

- Relevant experience and contract examples - 25%
- Resource, infrastructure, and technical capacity - 25%
- Supply chain & subcontracting - 25%
- Equality, Diversity & Inclusion - 25%

Suppliers were also assessed on compliance, acceptance of the contract terms, and other minimum standards including the London living wage and economic and financial standing.

Financial analysis checks were conducted using Credit Safe reports. The suppliers chosen to progress to the next stage passed the qualification checks including the economic and financial standing tests.

- 4.2** The second stage of the procurement was split 60% technical and 40% commercial. The technical questions focused on health & safety; supply chain and subcontractor management; quality management processes; commitment to the delivery of net carbon objectives and collaboration. All of these areas are set out in an overarching Framework Agreement which captures Westminster priorities and sets out how contractor performance will be monitored and KPIs used to drive continuous improvement.
- 4.3** From the top 6 suppliers 5 responses were received. The technical scores between the supplier were close, especially between the top three with only 4.8% difference between the scores. The 3 top scoring suppliers for the technical envelope provided strong responses and mainly scoring 3 and 4 (out of 5) which gave confidence and provided an indication that they have understood the question and that they can deliver the contract successfully.
- 4.4** The recommended contractor's response was the highest scoring in terms of both commercial and technical criteria. Tender analysis is provided at the exempt Appendix 1.
- 4.5** London Living Wage (LLW) will be a contractual commitment, with elements of the service which fall in scope of the Living Wage foundation threshold being paid the LLW. This principle also applies to subcontracts awarded by Logan which are directly connected to projects awarded via this procurement exercise. The contractors' acceptance of LLW was requested during the tender process as a qualifying Pass/Fail requirement.

## **5.0 Social Value**

**5.1** Within the scope of service issued at Tender stage social value was specified as a key project success criteria. Given the nature of this procurement exercise specific social value measures will be determined on a project specific basis.

**5.2** Evidence of commitment to and delivery against social value metrics was assessed as part of the tender evaluation process. Specifically, how they will bring added value through collaboration e.g., employment of disadvantaged persons through apprenticeships, placements and work experience opportunities directly in their business and supply chain, workshops with local schools and colleges, volunteering, and other forms of engagement with local communities

## **6.0 Financial Implications**

**6.1** The tender price quoted is the price based on a typical core programme made up of different size projects. The main contractor contract covers works on the Council's operational buildings and potentially the investment estate which range from £0.010m to £2.000m in project cost. The actual costs in a particular year will depend on the mix of work carried out by the main contractor.

**6.2** In the current capital strategy, this covers the following programme project budgets: landlord responsibility, school minor works programme, and sports and leisure maintenance budgets including and Sayers Croft maintenance. These programme budgets average £8.472m per annum over the next three years. Each project will be assessed on a case by case basis and a separate procurement exercise may be undertaken where appropriate e.g. if the capital project is particularly significant in size or if the contractor does not have the capacity to progress with it.

## **7.0 Legal Implications**

**7.1** The Works have been procured via competitive restricted procedure in accordance with regulation 28 and 65 of the PCR 2015. The report sets out the details of the two-stage selection process, and after shortlisting 6 bidders, Logan Construction Ltd was the most economically advantageous tenderer.

**7.2** The Council intends to enter into an overarching agreement with Logan Construction Ltd on a non-committal and non-exclusive basis. The chosen form of contract is the JCT Framework Agreement with amendments that have been prepared by the external law firm Pinsent Masons (engaged by the service department).

**7.3** Each project will be ordered on a needs basis from the contractor based on JCT Framework Agreement terms and prices but refined by supplementary documents related to each specific project. The contract terms for the works will be the Joint Contracts Tribunal (JCT) suite of contracts with the Council's standard amendments.

**7.4** Where appropriate larger projects will have dedicated project boards. All contracts will be subject to existing delegation levels including the Director of Corporate Property and the Executive Director. All relevant projects will be reported to the Capital Review Group at least twice a year (April and October) and the Commercial Gateway Review Board twice a year (April and October).

**8.0 Carbon Impact**

**8.1** Maintaining our properties and reacting quickly when the fabric or components fail, ensures that the buildings operate as efficiently as possible. As components reach the end of their life, and in particular Mechanical & Electrical components, the Corporate Property team will assess the best replacement parts, technologies and strategies, having due regard to initial capital costs, lifecycle, annual maintenance costs and carbon impact.

**9.0 Equalities Impact**

**9.1** Equalities was a consideration at the selection questionnaire stage, and equalities impacts will be considered for each individual project as appropriate.

**APPENDICES**

Appendix 1 – Tender analysis (Exempt from publication)

**BACKGROUND PAPERS**

None

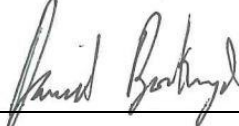
**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

Claire Nangle [cnangle@westminster.gov.uk](mailto:cnangle@westminster.gov.uk)

For completion by the **Cabinet Member for Finance & Council Reform**

**Declaration of Interest**

I have no interest to declare in respect of this report

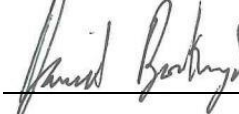
Signed:  Date: 27 November 2023  
NAME: **Councillor David Boothroyd**

State nature of interest if any:

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*(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled “The appointment of a reactive repairs contractor” and reject any alternative options which are referred to but not recommended.

Signed: 

Cabinet Member for Finance & Council Reform

Date: 27 November 2023

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comments:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.