

## **Committee: Not Applicable**

**Date: 9<sup>th</sup> December 2022**

Wards: All

## **Subject: Award of a contract for the property infrastructure elements of the Merton Office of the Future Workplace Design project**

Lead officer: Louise Round, Interim Executive Director of Innovation and Change

Lead member: Councillor Billy Christie, Cabinet Member for Finance and Corporate Services

Contact officer: Edwin O'Donnell, Head of Facilities Management

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### **Recommendations:**

- A. To place an order with the successful contractor for the first 2 floors of the property infrastructure elements of the Merton Office of the Future Workplace Design Project following a tender exercise using the London Construction Programme's Dynamic Purchasing System.
  - B. To request authority be delegated to the Interim Executive Director of Innovation and Change to exercise, in consultation with the Cabinet Member for Finance, approval for expenditure on additional floors.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. The purpose of this report is to explain the procurement process for the property infrastructure elements of the Merton Office of the Future Workplace Design project and to recommend approval of the award of a contract to fit out 2 floors of the civic centre as detailed within **Appendices A and B**.

## **2 DETAILS**

- 2.1. The tender process involved working with Ridge and Partners LLP, the Council's retained quantity surveyor consultants, to produce a specification of works to engage with the market to deliver the property infrastructure elements of the project.
- 2.2. The Council carried out a tender exercise using the London Construction Programme Dynamic Purchasing System (DPS). A DPS is similar to a framework but has the functionality to add new suppliers at any time. It operates as an 'open market' and is more flexible in terms of the amount of suppliers they allow into the network and welcomes more SMEs and other suppliers who may be put off by the bigger framework contracts. This is an increasingly popular procurement method for the public sector.
- 2.3. The evaluation of the tender submissions was undertaken by representatives from Merton Council's Facilities Management Team and Ridge and Partners LLP. The final cost and quality scores from the tender analysis process are as show in the table below.

<b>Bidder</b>	<b>Quality score (25%)</b>	<b>Price score (75%)</b>	<b>Total score</b>	<b>Position</b>
Successful Contractor A	25.88	60.91	86.79	1
Contractor B	10.63	75.00	85.63	2
Contractor C	18.88	57.53	76.41	3
Contractor D	12.63	48.52	61.15	4

2.4. A separate procurement exercise is being undertaken for the associated furniture elements associated with this design process, which will be the subject of a further report.

### **3 ALTERNATIVE OPTIONS**

3.1. Procurement options included combining the physical infrastructure improvements with furniture as one package or tendering the furniture elements in-house.

3.2. The combined package approach was not pursued because the two parts of the fit-out project require different expertise. These skills are not available within the organisation and involvement of expertise from external quantity surveyors has been essential to developing the right specification for works. Ridge & Partners LLP have also been involved in evaluating the tenders as part of the procurement process.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

4.1. The approach outlined and followed for this procurement was initially conveyed at the Operational Procurement Group (OPG) on 7 July 2022.

4.2. Legal Services and Finance have been consulted and their comments incorporated within the report.

4.3. The design process has included engagement and consultation with key stakeholders who will occupy the refurbished space.

### **5 TIMETABLE**

5.1 The table below sets out the proposed programme for engaging the recommended supplier.

<b>Event</b>	<b>Date</b>
Appoint Ridge & Co to support development of infrastructure specification	August 2022
Deadline for return of tenders through London Construction Programme Dynamic Purchasing System	End October 2022

Departmental Procurement Group	w/c 12 December 2022
Call-in period	13 – 16 December 2022
Contract commencement date	19 December 2022

## **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. The Merton Office of the Future Project aims to provide fit for purpose, modern office accommodation at the civic centre, which in property terms will allow the Council to use its office space more efficiently. The initial pilot project on the 7th floor of the building will facilitate the relocation of SLLP from Gifford House and release that building for disposal or redevelopment.
- 6.2. As part of the tender contractors agreed not to pass on any cost increases due to inflation within 6 months of the date of the tender.
- 6.3. This is a pilot scheme (phase one), which if successful will be used as a template for refurbishment works on additional floors using the prices / schedule of rates obtained during this tender exercise with uplifts for inflation. One would expect preliminaries to reduce if works were to follow on from each other as there will be significantly less setting up costs. Also, once one floor is completed the contractor will have a much better idea of the works involved and will be able to provide a contract sum with less design services, less risk money for unknowns and fewer provisional sums.
- 6.4. According to the BCIS All In Tender Price Index, tender costs are forecast to increase between the 2Q of 2022 and 2Q of 2023 by 4.4%. For future floors planned to be refurbished in 2023 the works budget should be set at £356,600 (4.4% increase on 341,570.50). It should be noted that these increases are forecasts and are subject to change, both up and down.
- 6.5. Further cost implication can be found in Appendix A.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. The Dynamic Purchasing System identified in the report is open to organisations who have become members of the London Construction Programme and such use is compliant with the Contract Standing Orders (CSO) in particular CSOs 1.3 13 and 18.2.1. The Council should retain evidence of its compliance with the processes set out in the DPS as well as compliance with the Public Contracts Regulations 2015 (PCR) under regulations 34(22) (invitation of all contractors within the lot), 32(23) (awarding on the basis of the published criteria) and as appropriate refined criteria under 32(24). Such award will therefore be lawful and in accordance with procurement obligations in the PCR and the CSOs.
- 7.2. Once awarded the contract must be entered onto the Council's contract register and the relevant information published on Contracts Finder in accordance with the Council's Standing Order 18.2.10 and award notice under regulation 50(5)(a) and 108 of the Public Contracts Regulations 2015.
- 7.3. The Council is entitled to make the delegation to an officer (in this case Executive Director of Innovation and Change) to carry out relevant functions under section 9E of the Local Government Act 2000.

## **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. The successful supplier must, in carrying out its functions, have due regard to the need to eliminate unlawful discrimination and harassment and to promote equality of opportunity in relation to disability, race and gender and the need to take steps to take account of disabilities, even where that involves treating the disabled more favourably than others (section 13(3) Equality Act 2010).

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. There are no crime and disorder implications relating to the subject of this report.

## **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. Four bidders have successfully completed satisfactory financial checks as well as checks on competency in delivery of similar contracts.

## **11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- 11.1. Appendix A – Tender Evaluation Summary  
11.2. Appendix B – Tender Evaluation Report

## **12 BACKGROUND PAPERS**

- 12.1. Agreed 7<sup>th</sup> and 1<sup>st</sup> floor layouts

Department Approval	Name of Officer	Date of Comments
Legal	Jonathan Miller	8 <sup>th</sup> December 2022
Finance	Barbara Ncube	8 <sup>th</sup> December 2022

