



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 5(c)

1<sup>st</sup> March 2023

**Property Portfolio: Appointment of Contractor for Development Works,  
Unit B, Railway Triangle, Portsmouth**

**Purpose of Report:**

To conclude a tendering exercise for the provision of development works (Unit B Railway Triangle, Portsmouth) for the Strathclyde Pension Fund property portfolio.

**Recommendations:**

The Committee is asked to **APPROVE** the appointment of **Brymor Group Southern Ltd** to carry out development works (Unit B Railway Triangle, Portsmouth) for the Strathclyde Pension Fund Property Portfolio.

Ward No(s):

Citywide:

Local member(s) advised: Yes  No  consulted: Yes  No

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## 1 Background

The Fund has invested in the UK property market for over 30 years, and its investment strategy currently allocates 10% of total assets to UK property.

DTZ was appointed to manage the Fund's UK property portfolio in 2010, when the portfolio was valued at c.£682 million. Since DTZ's appointment, the value of the portfolio has risen to £2,223 million, largely as a result of positive investment performance, but also due to re-investment of rental income and new capital allocation. At 31<sup>st</sup> December 2022, the portfolio comprised 55 properties and 1 indirect investment, covering the spectrum of industrial, office, retail and other sectors. In line with the growth of the portfolio, the average property size has grown from £13.3m in 2010 to £40m today.

In recent years, DTZ has moved more of the portfolio into inflation linked leases and defensive assets. In addition, the manager has acquired a number of development assets on the Fund's behalf. DTZ has recommended that the Fund proceed with the redevelopment of a unit at one asset, Railway Triangle, an industrial park in Portsmouth. Railway Triangle was valued at £50.3m as at 31<sup>st</sup> December 2022.

## 2 Tendering Process

Following initial consultation with GCC's legal and procurement teams, DTZ, acting as agent for the Fund, have followed a full public procurement process to tender a contract for the redevelopment of Unit B at the Railway Triangle industrial park. They have been advised on legal and procurement aspects of the tender process by the Fund's specialist property legal advisors, CMS. Quartz Project Services have assisted DTZ in the capacity of Project Manager within the procurement process.

The tendering exercise commenced on 26th September 2022 when a contract notice was published on Public Contracts Scotland. The contract was procured under a restricted procedure. Bidders were required to complete an SPD (single procurement document), with those meeting selection criteria invited to complete a full Invitation to Tender (ITT).

Five suppliers completed an SPD by 7th November 2022, the deadline for submissions. All five bidders were invited to complete an ITT by 13 January 2023.

The ITT included detailed drawings and scopes of work for all technical services required. Bidders were required to respond to questions covering 4 technical criteria designed to assess the quality of each of the suppliers' proposals, fair work practices and detailed pricing information for commercial and value for money assessment. The tender award criteria were divided as follows:

- Price 60%
- Fair Work First Practices 5%
- Scope of Requirements 10%
- Implementation Programme 10%
- Key Issues Understanding 10%
- Resources and Key Personnel 5%

On the basis of the award criteria, **Brymor Group Southern Ltd** tendered the most advantageous proposal for the Fund, achieving an overall score against the evaluation criteria of 77%.

**3 Top scoring supplier: Brymor Group Southern Ltd**

Brymor Group Southern Ltd are a principal contractor based in Brymor House, Parklands Business Park, Forest Road, Denmead, Hampshire, PO7 6XP. They have a track record in delivering development projects of a similar type and complexity. Brymor Group Southern Ltd have only been trading since July 2022, the assets of Brymor Group Ltd and Brymor Construction Ltd being purchased by the Portchester Group Ltd who have been trading since January 2010. Their tender submission was thorough and of very high quality, and overall they presented the most economically advantageous proposal.

**4 Implementation**

Appendix A sets out a summary scope of works required by the Fund.

Terms agreed, subject to award, will run from March 2023 to December 2023.

## 5 Policy and Resource Implications

### Resource Implications:

*Financial:* Total cost of the contract is estimated as **£10,955,351.70** (excluding but not limited to S278 work, ground contamination, oversailing, planning conditions, incoming services and sewer build over agreements). NB this price is only fixed for 30 days on receipt of tender.

*Legal:* The form of building contract to be used will be JCTDB2016 with amendments.

The Fund's specialist legal services provider to the property portfolio, CMS, have advised on contract terms for the works.

*Personnel:* No issues.

*Procurement:* The process was conducted in accordance with public procurement rules.

**Council Strategic Plan:** SPF supports all Missions within the Grand Challenge of: ***Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.*** The LGPS is one of the key benefits which enables the Council to recruit and retain staff. .

### Equality and Socio-Economic Impacts:

*Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.*

Equalities issues are addressed in the Fair Work First assessment of bidders for this contract.  
In addition, equalities issues are addressed in the Fund's Responsible Investment Strategy, in the scheme rules which are the responsibility of Scottish Government and in the Fund's Communications Policy which has been the subject of an Equalities Impact Assessment.

*What are the potential equality impacts as a result of this report?*

All appointed contractors are vetted using a third party provider. Checks are undertaken and policies and procedure documentation is required in relation to national living wage policy, underage labour and modern slavery.

*Please highlight if the policy/proposal will help address socio-economic disadvantage.* n/a

### **Climate Impacts:**

*Does the proposal support any Climate Plan actions? Please specify:* Yes.  
Strathclyde Pension Fund's Climate Change strategy is being developed in line with Item 34 of the Council's Climate Action Plan. SPF's stewardship activity addresses all of the SDGs to some degree. This is reported regularly to the SPF Committee in a quarterly Investment Update.  
DTZ Investors have committed to achieving net-zero for SPF's direct property portfolio by 2040.

*What are the potential climate impacts as a result of this proposal?* The embodied carbon emissions will be minimised through DTZ relying on criteria set out in its refurbishment guidelines and vetting procedures which the contractor is required to comply with. This includes policies around responsible sourcing of sustainable materials, recycling waste and re-using materials where possible and a conscious effort to exclude or reduce the use of toxic materials. DTZ has appointed Stantec as sustainability advisers and a Life Cycle Analysis has been undertaken.

Carbon emissions will be generated as part of the proposed works, however the proposal will create a more efficient building with a reduced level of operational emissions post construction. The current draft EPC is a C rating and the building post refurbishment is predicted to obtain an A rating.

Mains natural gas will not be used as a fuel source post refurbishment with the building being run on electricity only.

BREEAM Excellent and Fitwell enabled are being targeted.

*Will the proposal contribute to* n/a

*Glasgow's net zero  
carbon target?*

**Privacy and Data  
Protection Impacts:**

Are there any potential data protection impacts as a result of this report  
Y/N

No

If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out

N/a

**6 Recommendations**

The Committee is asked to **APPROVE** the appointment of **Brymor Group Southern Ltd** to carry out development works (Unit B, Railway Triangle, Portsmouth) for the Strathclyde Pension Fund Property Portfolio.

### Scope of Works

The contract is for the design and construction of Unit B, Railway Triangle, Portsmouth.

Unit B is situated in the Railway Triangle Industrial Estate, located at the end of Walton Road, Portsmouth with commercial/ industrial buildings surrounding it.

The works are to be carried out under the JCT Design and Build Contract 2016 with bespoke client's amendments. The contractor is to procure and design all elements of the works in accordance with technical requirements specified at tender.

The successful contractor will be responsible for the management of sub-contractors to ensure the successful delivery of the project. The architect and structural engineer contracts are to be novated to the contractor, while the remainder of the client team will remain on the client side.

The works comprise the design and construction of an industrial / logistics facility with ancillary office space, service yards and associated works, including landscaping, gates, fencing, refuse store, cycle and car parking located at Unit B, Railway Triangle, Walton Road, Portsmouth, PO6 1TS.

The works to be carried out on the property include but are not limited to the following:

- The existing 6m to haunch warehouse and external offices will be demolished and replaced with a new 12m to haunch warehouse and internal offices including PV's, EV's chargers, enhanced U-values to the building shell;
- The location of the main entrance to the site will be relocated on the adopted roundabout to maximise access, parking and service yard provision;
- The new office with central core consisting of the main stair and passenger lift will be relocated at the front of the unit adjacent to the roundabout to maximise its visibility. The existing external offices will be replaced with these three storey internal offices to maximise external space;
- The works also include asbestos removal, Section 278 Highway Works, incoming services and drainage connections.

As part of the Works the proposed scheme includes the following sustainability credentials:

- Minimum A EPC rating;
- BREAAAM Excellent;
- Fitwell enabled Building Standard certification;
- Decarbonisation of the building through capping the existing gas supply;
- Installation of air source heat pumps to the offices;
- Improved wall and roof insulation to reduce solar gain and heat loss;
- CO<sub>2</sub> sensors to improve efficiency of the ventilation system; and
- Floor by floor energy metering and daylight lighting dimming and movement sensors to improve lighting efficiency.