



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Director of Strathclyde Pension Fund

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Item 5(d)

1st March 2023

**Property Portfolio: Appointment of Contractor for Development Works,  
Ashburton Point, Trafford Park, Manchester**

**Purpose of Report:**

To conclude a tendering exercise for the provision of development works (Ashburton Point, Trafford Park) for the Strathclyde Pension Fund property portfolio.

**Recommendations:**

The Committee is asked to **APPROVE** the appointment of **Russell WBHO** to carry out development works (Ashburton Point, Trafford Park) 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 a development at one asset, Ashburton Point, located in Trafford Park Industrial Estate, Manchester. Ashburton Point was valued at £49.3m 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 construction of a new single storey warehouse at Trafford Park. They have been advised on legal and procurement aspects of the tender process by the Fund's specialist property legal advisors, CMS. Avison Young Building Consultancy have acted for DTZ in the capacity of Project Manager within the procurement process.

The tendering exercise commenced on 8<sup>th</sup> July 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).

6 suppliers completed an SPD by 8<sup>th</sup> August 2022, the deadline for submissions. All 6 bidders were invited to complete an ITT by 28<sup>th</sup> November 2022.

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                       | 35% |
| • Fair Work First Practices   | 5%  |
| • Scope of Requirements       | 15% |
| • Implementation Programme    | 20% |
| • Key Issues Understanding    | 15% |
| • Resources and Key Personnel | 10% |

On the basis of the award criteria, **Russell WBHO** tendered the most advantageous proposal for the Fund, achieving an overall score against the evaluation criteria of 95%.

**3 Top scoring supplier: Russell WBHO**

Russell WBHO are one of the North West of England's most active contractors. They are located on Trafford Park some 200 yards from the subject site. Russell WBHO have been in operation since 2018, following the merger of Russells Construction (established in 1997) and Wilson Holmes (established in 1996). Russell WBHO currently has more than 200 employees in the UK, and several hundred sub-contractors and suppliers. With a turnover in excess of £123m, the firm has demonstrated strong and sustained growth over the last two decades. They have been responsible for some of the region's largest and most high profile construction projects.

Russell WBHO demonstrated high quality and a thorough tender return in all aspects.

**4 Implementation**

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

Terms agreed, subject to award, will run from April 2023 to January 2024.

## 5 Policy and Resource Implications

### Resource Implications:

<i>Financial:</i>	Total cost of the contract estimated as £11,995,185 exclusive of VAT.
<i>Legal:</i>	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.
<i>Personnel:</i>	No issues.
<i>Procurement:</i>	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:

<i>Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.</i>	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.
<i>What are the potential equality impacts as a result of this report?</i>	All appointed contractors are vetted using a third-party provider. Checks are undertaken and documentation is required of policies and procedures that relate to the national living wage, underage labour and modern slavery.
<i>Please highlight if the policy/proposal will help address socio-economic disadvantage.</i>	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 appointed Red Six Partnership Ltd as sustainability advisers to model the embodied carbon of the construction phase and operational energy use of the scheme. A Net Zero Carbon Life Cycle Analysis has been undertaken that reported the expected embodied carbon of the development will be below the embodied carbon targets for non-domestic buildings (as set out in the RIBA Sustainable Outcomes Guide, 2020). The report showed a Whole-Life (kgCO<sub>2</sub>eq per m<sup>2</sup> of 501, compared to a 2020 target of 800 and target in 2025 of 650.

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 completed redevelopment has been designed to target an EPC A+ rating.

*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 **Russell WBHO** to carry out development works (Ashburton Point, Trafford Park) for the Strathclyde Pension Fund Property Portfolio.

### Scope of Works

This contract is to appoint a single Contractor to construct a single storey warehouse unit, incorporating integral/attached office accommodation, together with external works to include hard standings, car parking, landscaping, drainage, and main service connections.

The site formed part of an existing printworks for which detailed planning consent was granted in July 2020 for the demolition of all existing buildings and the erection of a 148,000 sq ft industrial / warehouse building with the benefit of flexible B1c, B2 and B8 uses. The demolition of the former Guardian buildings completed in 2021. The site is now cleared and ready for development. The existing concrete hard standing remains onsite with the ground to be remediated as part of the contract works.

The prospective building will comprise a grade A unit built to the specification as set out below:-

- 15m eaves height
- 13 docks / 2 level access loading doors
- Up to 55m yard depth
- 50 KN/sq m floor loading
- 2 storey offices (13,200 sq ft / 9% office content)
- 137 car parking spaces (14 EV Charging points)
- 1 MVA power supply
- EPC A+
- BREEAM Excellent

As part of the refurbishment works the proposed scheme includes the following sustainability credentials:

- 1,700 sq m of PV panels on the roof (circa 12%).
- Bike storage facilities together with showers and lockers.
- 14 EV individual charging stations will be installed, plus capacity for a further 28 EV charging stations
- Rainwater harvesting tank together with half hourly water metering and sub-metering
- Automated water leak detection system
- External seating and landscaped area to encourage occupants to access outdoor areas.
- Design included works to enable a future occupier to obtain Wellness/Fitwell certification.
- Responsible sourcing of materials included in the tender specification, ensuring materials are procured with a high recycled content, where possible. This includes all timber, that must be reclaimed, recycled or procured in accordance with the UK Government's Timber Procurement Policy.