

Committee:	Date:	Appendix 3
Projects Sub-Committee Finance Committee	14 March 2018 01 April 2018	
Subject: City of London Major Works Strategy Stage 1		Public
Report of: Chamberlain Report Author: Mona Lewis, Assistant Director		For Decision
<p>Background</p> <p>Internal challenges identified (Major Works only)</p> <ol style="list-style-type: none"> 1. Feedback from internal project managers, and officers and historic tenders concluded that some key challenges we face are: <ol style="list-style-type: none"> a. Lack of suppliers bidding for our work leading to poor competition b. Overpricing of bids due to lack of interest/competition c. Our speed to market is prohibitive to securing best value d. Cost Vs time – driving cost down to achieve value for money is not always achievable with project timescales for delivery; e. Wrong size and type of contractors bidding for our work; that don't perceive our work as a key account. f. The current external frameworks we use have either reached their maximum financial limit. Every framework has a maximum value of work that can be put through. As these frameworks are open to all authorities; we find ourselves trying to access frameworks that have reached their financial limits on works to be awarded. g. We are typically going to the market too late in the project lifecycle; not giving suppliers enough of a forward view, market is typically working on one-year advanced pipeline <p>The working group reviewed the property portfolio and grouped these by associated nature of works and historic volumes and value; with a view to a future strategy that could result in procurement solutions based on our intelligence of where the market would sit and what would look attractive. The working group initially compiled 7 groups and sought market consultation</p> <p>Value for Money (Major works only)</p> <ol style="list-style-type: none"> 2. The working group and category board agree that the above recommendations will demonstrate value for money and drive efficiencies; with justification below: <ol style="list-style-type: none"> a. Time and resource efficiency - Running full OJEU procurements takes approximately 172 days Vs a mini competition on a framework which would be approximately 41 days. b. Mini competitions on a specifically procured framework for City of London will continue to drive competition c. Avoid costs charged to use using external frameworks (typically 1-3%) d. Create an opportunity for batching of multiple projects to drive contractor and City savings e. Deliver savings in contractor's price arising from avoidance of bidding and mobilisation costs. f. Attract SME's on framework 1 and 3 due to lower value bandings; which fulfils local government and City's objectives. g. Allow contract management to be further development at a strategic relationship level, therefore allowing us to leverage relationships built. h. Attract contractors with appropriate capacity, capability and interest in our works i. Gives us provision for step in of a different contractor to mitigate failure of delivery or financial health issues with contractors 		

Contact

Report Author	Mona Lewis
Email Address	Mona.lewis@cityoflondon.gov.uk
Telephone Number	020 7332 1752