

Council, 24 January 2018, Agenda Item 8, Question on report submitted by Residents' Group

Given concerns surrounding Carillion and other companies in the building and construction industry, does the Leader of the Council feel that it is appropriate for members to agree awarding Preferred Bidder status to a company unknown to them?

Answer by the Leader of the Council

Councillor Morgon has attended an all member briefing on the 12 Estates Joint Venture partner selection where he asked questions and was provided with information in response to those questions. At Cabinet last week, Cllr Morgon was again provided with the opportunity to ask questions regarding the selection of the JV partner. Indeed, he asked about the Carillion issue and was provided with a detailed response relating to the wide due diligence we have carried out at various stages of the tender process and will carry out during the consolidation period we are now in. We will carry out all the usual checks into our preferred bidder and we will, in addition, carry out further enquiries of the preferred bidder that go well beyond the normal checks required.

At this point I would add that the preferred bidder has already stated to us that in the light of the Carillion concerns, what additional checks do we want to carry out and they are being very open in relation to giving us all assurances we can gain.

We are therefore still in a live procurement process as we also need to finally agree the terms of the submission are properly built into the contract documentation. To prematurely release the name of the preferred bidder before we are certain that we are content to go to formal contract award could place the council at a severe commercial disadvantage were we not able to finalise the deal with the preferred bidder and had to re-open dialogue with one of the other organisations.

In addition, as this is a Joint Venture, as explained to Cllr Morgon at Cabinet last week, we will be bringing greater controls to this venture than Carillion would have required in its private sector capacity. The scrutiny and accountability on local authorities is much greater than for private sector companies. Whilst this JV will be at arms-length to the council, we will have significant additional controls than those seen in a purely contractual relationship.

Cabinet delegated the final decision to the deputy leader, and all checks will be carried out prior to that decision finally being taken to get to formal contract award. To release the name now, prior to final agreement with the preferred bidder, could result in a commercial disadvantage to us were we not to be able to agree final terms with that party.

Having however conferred with legal officers and whilst due diligence is still going on, it has been agreed that the name of the preferred bidder may be made known in confidence to all members of the Cabinet and to the Lead Member. This shows the transparency of the situation we are in.

I hope that provides some reassurance to Cllr Morgon and other parties.