

## For General Release

<b>REPORT TO:</b>	<b>Cabinet 25 November 2020</b>
<b>SUBJECT:</b>	<b>Estate Management and Valuation Services</b>
<b>LEAD OFFICER:</b>	<b>Stephen Wingrave, Head of Asset &amp; Estate Management</b>
<b>CABINET MEMBER:</b>	<b>Councillor Callton Young Cabinet Member for Resources and Financial Governance</b>
<b>WARDS:</b>	All
<b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b> The service is aligned with the Corporate Plan objectives including the following: <ul style="list-style-type: none"><li>• Business moves here and invests, our existing Businesses grow</li><li>• Everybody has the opportunity to work and build their career</li><li>• Good, decent homes, affordable to all</li><li>• To be open and transparent and put communities at the heart of decision making</li><li>• People live long, health, happy and independent lives</li></ul> Additionally, the Ambitions for Croydon 2018 also committed to: <ul style="list-style-type: none"><li>• Working to bring empty properties back into use</li><li>• Working to ensure more businesses relocate to Croydon, and that our existing businesses grow and remain in the borough</li><li>• Deliver Council's commitment to the London Living Wage</li><li>• Deliver the Council's commitment to delivering Social Value opportunities.</li></ul> The contract award will enable the Council to implement long term service provision arrangements for the provision of Estate Management and associated services.	
<b>FINANCIAL IMPACT</b> The Estate management and valuation services contract is for 3 years with an option to extend for a further twelve months. The existing budget for the Estate Management and Valuation services is £200k for the proposed contract term and this is likely to increase due to related services that may be required to support Capital funded projects therefore, the maximum budget will be £500k.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO:</b> N/A	

## **1. RECOMMENDATIONS**

The Leader of the Council has delegated to the Cabinet Member for Resources & Financial Governance the power to make the decisions set out in the recommendations below:

- 1.1 The Cabinet Member for Resources & Financial Governance in consultation with the Leader is recommended by the Contracts and Commissioning Board to approve the award of a contract for the provision of Estate Management and Valuation services for a period of 3 years, with an option to extend for further twelve months, to the bidder named in the Part B report and for value stated therein.

## **2. EXECUTIVE SUMMARY**

- 2.1 On 19<sup>th</sup> March 2020, the Contract commissioning board endorsed the recommended Estate Management and Valuation services strategy (Ref: CCB1559/19-20), as part of the Council's Capital Investment fund for the asset valuation, acquisition and disposal of property.
- 2.2 The purpose of this report is to recommend an award to appoint the selected bidder to deliver Estate Management and Valuation related services to the Council. Exempt information is provided within the associated Part B report.
- 2.3 The proposed contract is critical to supporting the Asset Management service and in particular with valuations and income generating initiatives. An accredited chartered surveying firm is to provide a Valuation and Estate Management related professional services. This will consist of a range of residential and commercial buildings related matters including rent reviews, lease renewals, valuations, acquisition advice on the disposal of land and property, building surveying and strategic asset management on behalf of the Council.
- 2.4 The proposed contract term will be for a period of 3 years commencing from November 2020 with an option to extend for further twelve months. This will be delivered in accordance with the Council's standard terms and conditions for professional services.
- 2.5 The contents of this report details the procurement process undertaken and advises the recommendation that Bidder A (named in the part B report), be awarded the contract following the outcome of a robust procurement process; including submission and receipt of an invitation to tender pack, evaluation, moderation process to support the selection of the contractor and recommendation of award.
- 2.6 The content of this report has been endorsed by the Contracts and Commissioning Board

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
CCB1624/20-21	29/10/2020

### **3. DETAIL**

- 3.1 The Council implemented a 'Corporate Landlord Operating Model' in April 2016. The revised operating model has enabled the service to focus on continually improving asset utilisation and the efficient management of property related resources. The revised operating model means the Asset Management Team has a clear emphasis on strategic asset management tasks ensuring the Council's property estate is fit for purpose, efficient and supports the Council's core objectives and service delivery.
- 3.2 In accordance with Croydon's Corporate Plan 2018-2022 and following the pre-market engagement exercise which led to the approved RP2 How We Buy strategy report, the OJEU Open procedure was deemed the most suitable procurement route for this contract.
- 3.3 The planned commissioning outcome is the development of a single contract with a professional service Provider as a partner, for the provision of Estate Management and Valuation services. The pre-determined outcomes to be achieved from this provision of service that may be required on an ad-hoc basis are:
- To ensure the Council is compliant with its Financial Management Arrangements and has a fit for purpose and cost effective estate.
  - To enable the Council to have an operational and investment estate that generates income, whereby the assets are well used and cost effective.
  - As a responsible Landlord and Land Holder in Croydon, to enable property and land to be available to support regeneration and growth.
- 3.4 This contract will make provision for supporting the Asset Management and Facilities Management teams to deliver day to day operational business and also complex and strategic tasks. The scope of services to be provided from this proposed contract include the following: -
- Commercial valuation for acquisition and investment
  - Residential and redevelopment valuation advice for acquisition and investment
  - General Valuation
  - Estate Management including rent reviews, lease renewals, commercial including wayleaves, easements, service charge advice
  - Estate Management Telecom masts & Advertising
  - Building Surveying including dilapidations, claims and general advice
  - Feasibility surveys, early development and strategy.
- 3.5 In accordance with the agreed procurement strategy (CCB Ref:159970/19-20), the Council issued an OJEU Open invitation to tender exercise (Ref: 2020/S 068-162899).

## Procurement process:

- 3.6 The Council received ten tender submissions which were then subject to the agreed published evaluation criteria and scoring allocation arrangements. Three bids failed to meet the minimum quality thresholds for their tenders to be considered further. . The successful/unsuccessful bidders will receive feedback relating to the tender submission including where they did not meet the qualitative threshold, having scored a '1' in one or more questions. Specific details as to the qualitative benefits of the preferred Bidder's tender are contained in Part B.
- 3.7 On completion of the quality assessment, the price element of the tender submissions was conducted and evaluated with the lowest tender price scoring the highest percentage sub-weightings. For further details of the breakdown based on the total 50% Tier One weighting, reflecting the applied Tier Two and Three sub-weighting criterion, please refer to the attached Appendix A. Specific details as to the commercial bids obtained are contained in Part B.
- 3.8 The result of the respective bidder's scores for each sub-weighting criteria were then added together to give the total score. The bidders were then ranked by their total combined quality and price score with the highest ranked Bidder A scoring 70.70% as outlined below. Notably, Bidder A received the highest evaluation score for price and ranked 4<sup>th</sup> out of 7 bidders for quality, whilst achieving acceptable response demonstrating ability of meeting the Council's requirements. Also obtained a good score with added value demonstrated relating to Social Value.

Tier 1 Criteria	Tier Two Weighting	Bidder A	Bidder B	Bidder C	Bidder D	Bidder E	Bidder F	Bidder G
Qualitative	50%	32.80%	40.40%	37.40%	27.20%	23.20%	35.80%	27.40%
Quantative (Tier One)	50%	37.90%	19.16%	15.83%	14.00%	27.27%	29.40%	19.16%
Total	100%	70.70%	59.56%	53.23%	41.20%	50.47%	65.20%	46.56%

- 3.9 Based on the outcome of a robust evaluation process, it is recommended for Bidder A to be awarded the contract, as its tender submission demonstrated the most economically advantageous tender.

## 4. CONSULTATION

- 4.1 The Council undertook a pre-market engagement with the potential providers to inform its final procurement strategy and to enable local SMEs to have the opportunity to tender, also to enhance competition.
- 4.2 The project team members were established to enable appropriate and relevant disciplines within the Council to evaluate the tender submissions and determine which tender fulfils Council's requirements, offering the most economically advantageous bid.

## 5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

### 5.1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
<b>Revenue Budget available</b>	50	50	50	50
Expenditure	15			
<b>Effect of decision from report</b>				
Expenditure				
<b>Remaining budget</b>	35			

As the provision of services will be instructed as and when required by the Council, there is no obligation to commit to any spend. The existing estates budget include an allowance for professional consultancy work which would be used to cover costs incurred under this contract for general work.

The contract will also be utilised to provide valuation, rent reviews, acquisition and appraisal advice in connection with specific capital projects that have an allocated budget for professional advice such as the ETA3 project. The available budget for such projects is not known at present therefore cannot be reflected within the above table however, the capital related projects that may require Estate Management and valuation services, is likely to increase the contract expenditure.

### 5.2 The effect of the decision

The effect of the decision to award contract to Bidder A which will enable the Council to commission the Estate Management and Valuation related services on an ad-hoc basis (if instructed and/or successful), within the allocated budget of £50k per annum and a potential increase of £75k per annum for additional instructions deriving from Capital projects (a maximum budget total of £500k over a contract term of three years with option to extend for further twelve months).

Commitment to apply the Council's PSP agreement has also been demonstrated by the recommended Bidder. If instructed and/or successful, all fees will be paid on successful completion of service and/or transaction of sale.

### 5.3 Risks

The project of the valuation and Estate management risks:

<b>Risk</b>	<b>Detail</b>	<b>Mitigation</b>	<b>RAG</b>
Costs higher than allocated budget	Every effort was made to ascertain the market rates. The Council's requirements were tested via pre-market engagement activity.	Pre-market engagement activity has been undertaken and informed that the OJEU Open procedure offers better opportunity for competitive tender submissions to be received.	
The Council's projected demand for these services may change during the next four years.	The level of demand may significantly change during the next four years, therefore need to ensure the expectations are managed. The volume and scope of requirements are still unclear however every effort is being made to ascertain and future proof the Council's requirements.	The Council's related requirements and demand for the services has been reflected within the ITT pack which has enabled flexibility to allow for such projected change. The contract also include no guarantee of business.	
Lack of contract being in place.	This will prevent the Council from delivering business as usual services or support corporate initiatives and projects such as the valuation of land for purchase for housing development or valuations for the purchase of property for investment.	Implementation of a long term contract that will be compliance with the Public Contract Regulations 2015 and the Council's Tender and Contract Regulations.	
Service provision delays	This will impact the Council's ability to obtain prompt Estate Management and Valuation related advice to help inform its short and medium term financial strategy.	Effective contract management will ensure works are delivered within the agreed timeframe.	
Performance issues	This will impact the Council's ability to obtain quality and prompt Estate Management and Valuation related advice to help inform its short and medium term financial strategy.	Implement Key Performance Indicators and ensure that these are monitored closely each month. Progress reporting to be maintained in accordance with Council's contract management framework.	

## **5.4 Options**

Following the outcome of the tender evaluations, Bidder A has demonstrated its bid offering the most economically advantageous tender. Should the Council not proceed with the award, this will impact the Council's drive to enable impartial and transparent valuations to be carried out in accordance with financial management regulations and maximize income generation. Without a formal contract in place and instructing Estate Management and valuation services on an adhoc basis, is likely to incur increased charges whereby the total spend may exceed the OJEU threshold. Therefore, subsequently place the Council at risk of breaching PCR2015.

## **5.5 Future savings/efficiencies**

Following the outcome of tender evaluations, Bidder A offers 8.5% efficiency overall in their price offer in comparison with the second ranked Bidder F (Price score of 29.20% and total quality/price combined score of 65.20).

Approved by Felicia Wright, Head of Finance (Place and Resources)

## **6 LEGAL CONSIDERATIONS**

- 6.1 There are no additional legal considerations directly arising from this report.

Approved by Sonia Likahri, Solicitor, on behalf of the Director of Law and Governance.

## **7 HUMAN RESOURCES IMPACT**

- 7.1 This report does not invoke the effects of the Transfer of Undertakings (Protection of Employment) 2006 and no Human Resource impact for Council staff.

## **8 EQUALITIES IMPACT**

- 8.1 Equality considerations were taken into account as part of the requirements defined within the final ITT document (including the Terms and Conditions of Contract), including the need to comply with CDM 2015 and Building Regulations 2018 which includes consideration for Equality Act. The Bidder is expected to pay the London Living Wage as a minimum and demonstrated commitment to deliver social value outcomes.
- 8.2 The Equality Policy 2016 - 20 sets out the Council's commitment to equality and its ambition to create a stronger, fairer borough where no community is held back. The policy reflects the council's statutory duties under the Equality Act 2010 and is supported by the equality objectives set out in the Opportunity and Fairness Plan 2016-2020.

- 8.3 The equality objectives for 2016-20 are aligned to and will support the delivery of the Council's business outcomes set out in its Corporate Plan particularly in relation to:
- **Growth** - creating growth in the local economy and ensuring that all residents in the borough are able to share the benefits
  - **Independence** - taking on an enabling role to help residents to be as independent as possible
  - **Liveability** - creating a welcoming, inclusive and pleasant place in which local people want to live and work and feel safe.
- 8.4 An Equality Impact Assessment has been undertaken and no further action deemed necessary.

## 9 ENVIRONMENTAL IMPACT

- 9.1 In accordance with the contract terms and where required, Bidder A will be required to comply with environmental legislations and regulations. There will also be a requirement to support the Council's vision and aims which will contribute to reducing Croydon's CO2 emissions.

## 10 CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no immediate adverse Crime and Disorder impacts arising from this report.

## 11 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 Bidder 'A', has achieved the overall highest combined score of 70.70% therefore demonstrated the most economically advantageous tender whilst meeting the Council's requirements as set out within the invitation to tender pack.

## 12 OPTIONS CONSIDERED AND REJECTED

- 12.1 Other options for the proposed service provision were considered and has been reflected within the original CCB approved procurement strategy report, including the agreed recommendation to carry out the procurement exercise via the OJEU Open procedure. Further details with regards to the commissioning options explored are outlined within Section 4 (4: Options) of this report.

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**BACKGROUND PAPERS:**

None

**APPENDICES:**

Appendix A