



London Borough of Hammersmith & Fulham

CABINET

2 SEPTEMBER 2013

PROPOSED PROPERTY CONTRACT – AWARD OF CONTRACTS TO SUCCESSFUL BIDDERS

Report of the Leader, Councillor Nicholas Botterill

Open report

A separate report on the exempt Cabinet agenda provides exempt information regarding costs and affordability and the outcome of the tendering process.

Classification – For Decision

Key Decision: YES

Wards Affected: All

Accountable Executive Director: Nigel Palace, Bi-borough Executive Director for Transport & Technical Services

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1. EXECUTIVE SUMMARY

- 1.1. This report recommends that contracts be awarded in respect of 7 out of 8 of the Lots on the proposed Framework Agreement for property services.

2. RECOMMENDATIONS

- 2.1 That the Framework Agreement for delivery of property services to the Council and the Participating Boroughs be awarded to the contractors listed below, commencing on 1 October 2013 for a period of 4 years:

For Lot 1: GVA Grimley

For Lot 2: Lambert Smith Hampton Group Ltd, BNP Paribas Real Estate Advisory & Property Management UK Limited, and Savills (UK) Ltd

For Lot 3: Wilks Head & Eve LLP

For Lot 4: Lambert Smith Hampton Group Ltd, Bruton Knowles, Carter Jonas LLP, GL Hearn Limited, GVA Grimley

For Lot 5: Savills (UK) Ltd, Andrew Scott Robertson, Allsop LLP

For Lot 6: Pellings LLP

For Lot 7: Wildstone Property Ltd

For Lot 8: Savills (UK) Ltd, Knight Frank LLP, Horton & Garton Ltd, Beambest Ltd (trading as Winkworth), Crownvent Ltd (trading as Winkworth), Chris Kerr Property Services

2.2 That the Council enters into call-off contracts for each of the Lots numbered 2 to 8.

2.3 To note that for Lot 1 – Property Management – the decision for the Council to call off a contract is deferred pending further clarification on the cost benefit of outsourcing this service to the external provider on the Framework Agreement.

2.4 To note that the deferment of a decision by the Council in respect of Lot 1 will not prevent one of the Participating Boroughs calling off a contract for itself from the Framework for Lot 1 services should it choose to do so.

3. REASONS FOR DECISIONS

3.1 Recommendations for contract awards are made on the basis of considered tendered bids submitted by the contractors being recommended for contract awards representing the most economically advantageous tendered bids to the Council and the Participating Boroughs.

3.2 For Lot 1, the most economically advantageous bid received for this Lot as part of the procurement exercise undertaken for all 8 Lots requires funding until such time as service improvements and increased income cover the costs of the contractor. Officers sought further clarification on the cost benefits of the outsourcing of this service and withheld including Lot 1 with the recommendations for all other Lots until such clarification has been received and is approved by JMT or H & F's Business Board at a future meeting.

4. INTRODUCTION AND BACKGROUND

4.1. The Council's existing contract for professional property services with the surveying practice of Lambert Smith Hampton has expired, and in order for the Council to continue to procure property services from external providers without spot tendering for every instruction the contract needs to be renewed. For added flexibility and to accommodate Tri-borough working, the new contract is being procured as a Framework Agreement split into a number of Lots to cover the main service requirements of the Council and the Participating Boroughs (The Tri-boroughs plus the London Borough of Ealing and the London Borough of Hounslow).

- 4.2. This procurement has followed the two stage Restricted Procedure in accordance with the Public Contract Regulations 2006. At the conclusion of the Invitation to Tender stage – Stage 2 (ITT) – the Tender Appraisal Panel (TAP) set up to consider tenderers' bids noted the scores of the evaluators (Appendix 2 of the exempt report). After due consideration of all the bids, the TAP drew up the list in Appendix 1 of the exempt report giving its recommendations for the award of contracts to those contractors who, in the opinion of the TAP, submitted the most economically advantageous tendered bids.
- 4.3. If the recommendations in this report are approved then the Council will enter into the Framework Agreement for its required services on or soon after 1 October 2013. The other Participating Boroughs (City of Westminster, RB Kensington & Chelsea, LB Ealing and LB Hounslow) will have the option of calling off contracts of their own at any time from 1 October 2013 and it is anticipated some will do so.

5. PROPOSAL AND ISSUES

- 5.1. The EU procurement rules and the Council's own Contract Standing Orders and Finance Regulations have been followed in this procurement exercise, and the evaluation of tendered bids has been conducted in accordance with the published criteria.
- 5.2. Representatives from the Participating Boroughs were invited to attend the meeting of the Tender Appraisal Panel (TAP) to consider the evaluators' scores and they took part in the deliberations over the tendered bids and scoring

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1 The option of doing nothing is not available as the Council's existing contract for property services has expired. To comply with its own Contract Standing Orders and Finance Regulations, the Council must either procure a replacement contract (as recommended in this report) or it must source property services via other means or not provide them at all.
- 6.2 The Council could spot procure services from the Government Procurement Service's (GPS) own new Framework for "Estates Professional Services" but the rates bid by contractors following the Council's own procurement exercise are generally lower than the rates on the GPS Framework. The option of not providing property services is not a viable option if the Council wishes to maintain its property estate and the rental income from its commercial portfolio and generate the capital receipts needed to meet the authority's financial targets.
- 6.3 The procurement option chosen to provide a contract Framework and separate the existing one-provider contract into separate service Lots will introduce a degree of flexibility and choice of provider to the Council and, with full Tri-borough access, the procurement embraces the Tri-borough service delivery and working initiative across the three London boroughs.

- 6.4 At the request of JMT further work will be undertaken on the option of outsourcing property management – Lot 1 – and the result of this will be the subject of a future report to the Cabinet.

7. CONSULTATION

- 7.1. Officers from the Council's Valuation & Property Services Section (V & PS) have lead this procurement exercise. During all stages of the procurement and tender procedures V & PS have consulted with officers in the Council's main departments, together with colleagues in the Participating Boroughs.
- 7.2. The EU contract procedures which have been followed do not lend themselves to the usual forms of public consultation due to the confidential and competitive nature of the bidding process.

8. EQUALITY IMPLICATIONS

- 8.1. All contractors awarded contracts with the Council and the Participating Boroughs will be required to adhere to the Council's Equal Opportunities Policy and its Equalities Agenda.
- 8.2. An Equalities Impact Assessment has been carried out on this procurement exercise, and the analysis against the three tenets of the Equality Duty concludes no-one has been disadvantaged by the exercise on the grounds of age, disability, gender, sexual orientation, marital status, religious belief or non-belief, race or ethnicity.

9. LEGAL IMPLICATIONS

- 9.1. Legal advice on this procurement has been provided by external legal advisors, TLT. Legal Services has been represented on the TAP. The procurement has been carried out in accordance with EU procurement rules and the Council's Contract Standing Orders.
- 9.2. Implications verified/completed by: Catherine Irvine, Senior Solicitor (Contracts), telephone 020 8753 2774.

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. Lots 4 to 8 inclusive all represent on-going costs which are being met by existing budgets. The existing costs under Lot 2 are being met by existing budgets or from capital receipts and the anticipated increase in costs for disposal fees will be met from the additional capital receipts.
- 10.2 Part of Lot 3 – Rating services - is a new outsourced service and a new cost which will be met by reduced business rate charges.

10.3 Implications verified/completed by: Giles Batchelor, Finance Manager, (telephone 020 8753 2407)

11. RISK MANAGEMENT

11.1 A full Risk Assessment on the proposed award of contracts for property services has been carried out and the likely risks considered against proposed actions to safeguard the Council against any risk exposure.

11.2 Implications verified/completed by: Michael Sloniowski, Bi-Borough Risk Manager, (telephone 020 8753 2587)

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. The Director for Procurement & I T Strategy has been represented on the Project Team (Tender Appraisal Panel) in relation to this contract. The Director is satisfied that legislative requirements of the Public Contracts Regulations 2006 (as amended) and the Council's Contracts Standing Orders have been met. Consequently the Director is in agreement with the recommendations contained in this Report.

12.2. Implications verified/completed by: Robert Hillman, Procurement Consultant (telephone 020 8753 1538)

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Cabinet Member Decision Report on the selection of tenderers for the ITT Stage of the contract procurement – dated 19 April 2013 (published)	Marcus Perry, tel: 020-7853-6697	Valuation & Property Services, 6 th floor, TH Extn.
2.	Full Risk Assessment on the procurement of the new Property Contract, dated 21 June 2013	Marcus Perry, tel: 020-7853-6697	as above.
3.	Equality Impact Analysis, dated 30 May 2013	Marcus Perry, tel: 020-7853-6697	as above
4.	Report to the Property Tender Appraisal Panel for its meeting on 08 July 2013 on the outturn of the ITT Stage of the contract procurement exercise (exempt)	Marcus Perry, tel: 020-7853-6697	as above

5..	Report to the Joint Management Team for its meeting on 10 July 2013 – reporting the recommendations of the Property Tender Appraisal Panel (exempt)	Marcus Perry, tel: 020-7853-6697	as above
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