

AGENDA ITEM NO 6

REPORT NO 79/17

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 28 FEBRUARY 2017

ESTATES SERVICES CONSULTANCY 2017-2022 PROCUREMENT AUTHORITY APPROVAL REQUEST

REPORT BY HEAD OF TECHNICAL AND PROPERTY SERVICES

ABSTRACT

Report seeking authority for the proposed procurement where the maximum value of the contract is above the Chief Officer's delegated authority limit.

1. RECOMMENDATIONS

1.1 It is recommended the Committee:

- (i) note the indicative estimated overall cost for the Estates Services Consultancy for the period 2017 to 2020 is £350,000 to £400,000 including provision for extensions to 2022 (at outturn prices);
- (ii) approves the procurement authority, as contained in this report, in accordance with the process stated in Section 16.8 of the Financial Regulations;
- (iii) notes the financial implications included in Section 6 of this report.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

2.1 This report contributes to the following local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- We have a sustainable economy with good employment opportunities
- Angus is a good place to live in, work and visit

3. BACKGROUND

3.1 The current Estates Services Consultancy commission commenced on the 1 October 2012 and is due to expire on the 30 September 2017. A new commission is required to continue the provision of estates services professional support to the small Estates Management team within Technical and Property Services.

3.2 The current arrangement is operating very successfully and is providing a level of support to the council which if unavailable would result in a significant reduction in the Council's ability to provide an Estates Service and effectively manage its portfolio of properties and sites. It is anticipated that this success can continue using the processes and procedures which have been developed under the current and previous arrangements.

4. SCOPE OF CONTRACT

4.1 The commission will run from 1 October 2017 to 30 September 2020 with provision for extension up to 30 September 2022. A single consultant will be appointed to deliver estates management services for the whole of Angus Council. Individual orders will be placed for specific tasks with the successful consultant, in accordance with the contract rates and conditions of contract.

- 4.2 This commission will provide support resources to enable the Estates Management team to deliver:-
- Acquisitions
 - Disposals
 - Dilapidations negotiations when acting for Angus Council as a landlord and as a tenant.
 - Rent reviews
 - Lease negotiations
 - Energy Performance Certificates [EPCs] for the sale and lease of commercial properties
 - Preparation of Home Buyers reports (including EPCs) for residential properties
 - and other general estates services
- 4.3 The commission will enable the successful tenderer to specifically subcontract part of the disposal process for the sale of residential properties to a local solicitor to enable residential property for sale to be advertised through the Tayside Solicitors Property Centre or other appropriate body.
- 4.4 The commission adopts fixed rates for the initial three year period. An extension of a further 2 years from 1 October 2020 to 30 September 2022 would be on the basis of movement in the retail price index (RPI) from the original contract base date to the 1 October 2020.

5. PROCUREMENT AUTHORITY

Objectives

- 5.1 The proposed Estates Services Consultancy commission is a continuation of the current arrangements which has proven to successfully assist the Estates Management team within Technical and Property Services to economically, efficiently and flexibly provide the management and delivery of a professional estates management services for Angus Council.
- 5.2 These arrangements allow the council to commission a range of professional estates services on a case by case basis allowing non-sensitive issues to be managed through these resources and enable the small team within Technical and Property Services to undertake the strategic management of the council's General Fund estate; provide assistance to the Housing estate, deal with sensitive issues and deliver estates services throughout the Council.
- 5.3 The tender evaluation process will be carried out in accordance with the Financial Regulations for contracts over £50k in value and be carried out as set out in Section 5.14 and 5.15 of this report. The Contract Notice and Invitation to Tender documents will include community benefit clauses to encourage participation in apprenticeships and the delivery of community benefit outcomes.

Sourcing Route/ Collaborative Opportunities

- 5.4 Collaborative procurement opportunity details were passed to Tayside Procurement Consortium (TPC) on 19 January 2017. Confirmation is awaited from TPC that based on the size, type and timescale of the proposed project there are currently no opportunities for collaborative procurement for the Council's requirement under the umbrella of TPC. This will be reviewed in the future as part of any procurement strategy for the delivery of a similar programme. No Scotland Excel contract currently exists to meet this requirement.
- 5.5 Reference has been made to a Crown Commercial Services (CCS) Estates Professional Services framework which comprises a number of large national consultancies. However, the CCS framework is due to expire on the 31 March 2017 and at this time cannot be used to procure the council's Estates Service commencing in October 2017. By using our own procurement arrangement whilst the larger consultants on the Crown Commercial Service framework can apply this process, 'local' surveying consultancies will also have the

opportunity to bid for this work. The procurement process will be looking to incorporate community benefits and apprenticeship/ local employment arrangements.

- 5.6 The current arrangements, combining in-house resources supported by an Estates Services Consultancy commission, have proven to be very effective, as noted earlier in this report. The compact in-house estates team delivers services which can be of a sensitive nature and are best delivered by in-house resources and have demonstrated continuous high quality service provision.
- 5.7 Alternatively the Council could elect to increase its internal resources on a temporary or permanent basis by augmenting the existing team through the employment of two additional Chartered Surveyors and associated support staff. This is not considered cost effective in the current economic climate and represents a risk to the council given the anticipated reductions in the council's non-Housing estate as a result of the recommendations of the Agile Working and Estates Review Programme and the anticipated changes in public bodies service delivery indicated by the Scottish Government. The recruitment of suitably qualified staff has also proved difficult.
- 5.8 Based on previous analysis it is considered that the market for the provision of estates services through a consultancy commission is reasonably competitive. The required supply is readily available from a range of locally based chartered surveying companies. A competitive tender approach to the procurement is therefore considered to be likely to deliver the best value to the council for this requirement. The contract will not be divided into lots as the value of the procurement doesn't support a number of separate contracts and to provide a single point of contact for Council officers and management purposes. The single lot option has been successfully used previously and provides value for money and reduces Council in-house resources.
- 5.9 The project will be advertised on Public Contracts Scotland (PCS) in line with Council policy in April 2017. As the estimated value for the service noted in Section 6.1 exceeds the EU threshold of £164,176 the relevant EU procurement procedures will apply. Any capable local supplier will be identified and steps taken to alert them to the bidding opportunity prior to advertisement of the project.
- 5.10 Procurement will be via a single stage 'open' process which will require contractors to submit the standard European Single Procurement Document (ESPD) which, under the Public Contract (Scotland) Regulations 2015. It is anticipated that the ESPD including invitations to tender will be issued in May 2017 and returned during June 2017. The tender documentation will incorporate standard Angus Council consultancy contract conditions, pricing documents, community benefit clauses, fair work practices, and specification of requirements. Tenders will be evaluated in accordance with Section 5.14 and 5.15 of this report and the projected date for award of contract is August 2017 with the contracts commencing in October 2017. The initial contract period is for three years up to September 2020 with the option to extend for a further two years until September 2022. A three year contract with a two year extension option is considered the most beneficial to the council as it allows a decision to be taken to invite competition or to extend the contract taking into account contractor performance and best value. The conditions of contract will included a break clause which would allow the Council to terminate the contract if a more favourable arrangement following a collaborative procurement exercises is put in place.
- 5.11 This report details the funding arrangements and procurement options fall within the procurement authority requirements contained in Financial Regulations 16.8. This procurement is not considered to be a "major procurement" in terms of Financial Regulation 16.8.4. Approval of this report would mean that the contract can be accepted without the need for further approval by the relevant committees. In accordance with the current arrangements the contract award will be the subject of an Information Report in due course.

Sustainable Procurement Considerations

- 5.12 The successful bidder will be required to meet the community benefits including apprenticeship clauses contained within the invitation to tender which will be considered to be proportionate to the contract.

Procurement Procedure and Contract Award Criteria

- 5.13 The procurement of the contract will follow a single-stage 'open' tender procedure as the best means of procuring the works. There is anticipated to be a limited degree of interest in tendering for this work and based on the previous contract where four consultants expressed interest and 'open' process is considered the most appropriate route for this procurement.
- 5.14 From the information provided in the ESPD the tenderer will be required to meet minimum standards for business probity, criminal convictions, economic and financial standing, technical capability/expertise, prohibited (black) lists, equalities and contractual issues
- 5.15 The tenders which pass the minimum requirements will be evaluated on the basis of the most economically advantageous tender (MEAT) having regard to the following criteria which are weighted according to importance. Price is to be given a weighting of 70%, with the other quality related criteria listed below to be given a total weighting of 30% in accordance with the Financial Regulations. Once the tenders have been evaluated, as noted above then an acceptance will be issued to the tenderer providing the highest MEAT score.

Quality Criterion from the ESPD and technical information provided comprising:

- Management and Supervision – 6%: Tenderers to identify number, role, qualifications and management of staff.
- Resources – 6%: Tenderers to identify project management and project administration processes.
- Adaptability – 6%: Tenderers to identify innovative working practices.
- Quality and Performance – 6%: Tenderers to identify process and procedures to ensure quality and performance of the contract is maintained at appropriate levels. Provide information on previous relevant experience.
- Community Benefit – 3%: Tenderers to identify additional community benefits to be provided as part of this procurement to meet the Council's requirements.
- Fair work practices – 3%: Tenderers to confirm how they will commit to Fair Work Practices for workers (including any agency or Sub-Contractor workers) engaged in the delivery of the Contract.

Price Criterion

- The weighted price of 70% will be evaluated on the basis of the lowest total price received, using a model account incorporating various types of instructions, following a check for arithmetical and rating errors.

6. FINANCIAL IMPLICATIONS AND ALLOWANCE IN ESTIMATES

- 6.1 The value of the supply is estimated at £70,000 to £80,000 per annum and £350,000 to £400,000 over the whole life of the contract, including any option to extend, based on previous relevant expenditure.
- 6.2 Every activity undertaken by the Estates Services Consultancy commission is recharged to the client department or recovered through the associated income or expenditure stream e.g. disposals via capital receipt income; acquisitions as an on-charge to the purchase cost.
- 6.3 The nature of the work carried out by the Estates Consultants is widely varied and will impact on revenue and capital expenditure receipts depending on the type of work involved. Each service will be responsible for costs incurred under this contract arrangement.

7. OTHER IMPLICATIONS

Risks

- 7.1 A risk assessment is being undertaken for this project and other than the normal risks inherent in carrying out a project of this size and complexity, no other significant risks have been identified. Technical and Property Services has previous experience of delivering consultancy arrangements in a timely manner and every measure will be taken to ensure that through effective project management the project is delivered on time and on budget. An initial assessment of possible risks has identified the following issues:

Risk	Mitigating Actions
Consultancy arrangement not in place – internal resources to provide service	Technical and Property Service will only be able to provide a minimal service in accordance with the resources available.
Continuity of Service	Due to the nature of this consultancy the use of a single supplier is not considered to be a significant risk. Until a new arrangement is in place other consultants can be used on an ad-hoc basis

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Corporate Services Committee 26/01/12 Report No 58/12 – Estates Services Consultancy – Procurement Authority Approval Request

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