

Report to Cabinet Member for Resources

Decision to be taken on or after 22 October 2019

**Decision can normally be implemented at least
3 working days after decision has been signed.**

Cabinet Member Report No. R10.19

Title: Renewal of Estates and Asset Management Contract

Date: 14 October 2019

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Local members affected: All Council

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

Buckinghamshire County Council entered into an integrated single Estates and Asset Management contract in April 2014 as part of the Property Transformation Programme. The contract was awarded for three years with the option to extend for a further two years, by way of additional one year terms.

A decision is needed whether to terminate or re procure the contract. It is recommended to re-procure the Estates and Asset Management contract via a Crown Commercial Service (CCS) Framework to allow for the transition period into the Unitary Authority and then for a period of time after when the new Unitary Authority is going through Transformation. As part of this re-procurement process, BCC will ensure that they consult with the District Councils in Buckinghamshire to ensure that no opportunity has been missed with regard to their potential inclusion in the contract.

Recommendation

- 1) To re-procure the Estates and Asset Management Contract via a CCS Framework for 12 months, including a 12- month option to extend (Option 4 below)**
- 2) To delegate the appointment and finalisation of the contract of the preferred Service Provider(s) to the Executive Director of Resources and the Director of Property in consultation with the Cabinet Member for Resources following the re-procurement process.**

A. Narrative setting out the reasons for the decision

The current Estates and Asset Management contract is managed by BCC's Asset Management team (AMT), with the AMT being part of the wider Property team within Resources.

The Estates and Asset Management services for BCC have been managed for the last five years via the contract under the current service provider, Carter Jonas. A variation was made to the contract in October 2015 to add the acquisition and management of the Investment Property Portfolio. The management element of the Investment Portfolio service will form part of the specification for the contract on re-procurement.

The acquisition of Investment Property will be excluded from this contract and separate arrangements for this element of the service will be put in place. The reason for keeping this element separate is to increase the council's exposure to a wider range of property investment opportunities. The arrangements for this element of the service will be in accordance with Procurement and Financial guidelines.

Benefits to the Council from the current contract include:

- Access to a broad range of property expertise through a single service provider, with some specialist services provided which are not within the current expertise of the Council.
- Established core team of surveyors & partners
- Commercial awareness and sound professional advice – delivering significant savings for BCC, as well as potential revenue income ;
- Competitive fee rates – BCC benefits from economies of scale.

A new contract is required to ensure that the AMT can continue to deliver the Estates function required by BCC to enable the fulfilment of statutory services. It is not possible to extend the current contract, as the initial term and the subsequent extensions have been utilised.

The Councils property team will evolve over the coming year with the establishment of the new Unitary Council, Buckinghamshire Council, when Property teams from the five authorities will be brought together to form the new Council and will be consolidated into one Property Team. It is considered important during the transition and transformation periods for the new Council to have the additional support the Estates and Asset Management contract provides. However, the need for the contract will be continually monitored and reviewed.

B. Other options available, and their pros and cons

The following 4 options were investigated to describe possible scenarios for the future of the contract:

Option	Brief Description	Pros and Cons
Option1	Do nothing. This is not the recommended Option.	Pros: Cost saving when the contract expires; Opportunity to review the Services in the context of the new Unitary Authority Cons: Service will be diminished as there is not in-house capacity to maintain the extent of the current Estates and Asset Management function or manage the Investment Portfolio services without support from an external service provider. As a result there could be service and delivery issues to BCC by not delivering statutory services, or support services, and a potential reduction in revenue and income generation.
Option 2	Re-procure the Services via OJEU Procurement, without changing the current scope of service. This is not the recommended Option.	Pros: No change in contract management or service delivery requirements; Increase to the potential supplier pool; Supports small and medium enterprises as potential suppliers; Comply with procurement laws; Obtain a variety of prices Cons: The short contract duration may discourage companies from bidding; Potential disruption to OJEU process as a result of Brexit (Britain's exit from the European Union); It is considered there is insufficient time to procure and award a contract via OJEU
Option 3	Re-procure the Services via the CCS Framework, without changing the current scope of service. This is not the recommended Option.	Pros: Timetable is achievable; Access to known, vetted suppliers; Comply with procurement law; obtain specific prices for the scope of service; Opportunity to select from a wide range of experienced & capable suppliers; CCS Framework is popular amongst other local authorities; cost certainty as CCS suppliers use fixed rates. Cons: Does not separate the scope into two separate contracts, removing the opportunity for extending the number of introducing agents for commercial investment properties that the Council wishes to achieve.
Option 4 (the preferred option)	Re-procure the Services via the CCS Framework, and change the scope of service by removing the acquisition of Investment Properties from the contract. This is the recommended Option.	Pros: all those listed in Option 3 above and additionally; Specifications can be updated to incorporate knowledge and best practice from the last five years; delivers updated and bespoke services; increased opportunities and cost savings by opening up market introductions for commercial properties. Cons: Potential loss of economies of scale by removing a potentially large fee earning element, although this can be mitigated by the successful supplier being able to make property introductions from the Investment market but not on an exclusive basis.

C. Resource implications

This is a continuation of the same scope of services as the existing Estates and Assets Management contract with the exception of removing the acquisition of Investment Properties. It is not anticipated that additional resources will be required.

D. Value for Money (VfM) Self Assessment

As mentioned above, this is a re-procurement utilising essentially the same scope of services as provided under the existing contract, so it is anticipated that BCC will continue to enjoy:

- the benefits of fixed costs under the terms of a new contract.
- Efficiencies and effectiveness achieved by access to an external company which can offer a broad range of property expertise, giving sound professional advice and commercial awareness

E. Legal implications

BCC's Standing Orders allow Officers to use an existing Framework Agreement providing the Council are legally entitled to use these Frameworks.

Advice has been sought from -Procurement Officers who have confirmed that BCC is entitled to use the CCS Framework. Further legal and procurement advice will be sought on the procurement process and the proposed contract with the successful tenderer.

F. Property implications

None

G. Unitary Council

No impact on the new Unitary Authority. The duration of the contract has been decided upon to ensure that necessary services can continue seamlessly during the move to the new joint Property team and additionally giving the option to review the contracts in a relatively short timescale.

H. Other implications/issues

None

I. Feedback from consultation, Local Area Forums and Local Member views

The Cabinet Member for Resources has been included in discussions on the renewal and is in support.

As this is a County wide support service there is no specific Local Member engagement necessary.

J. Communication issues

The decision will be communicated through the Council's Decision Making process.

K. Progress Monitoring

Property Officers are experienced at monitoring the existing contract and will be able to monitor the new contract and transfer if a new supplier is successful.

L. Review

Not applicable.

Background Papers

None

Your questions and views

If you have any questions about the matters contained in this paper please get in touch with the Contact Officer whose telephone number is given at the head of the paper.

If you have any views on this paper that you would like the Cabinet Member to consider, or if you wish to object to the proposed decision, please inform the Democratic Services Team by 5.00pm on 21 October 2019. This can be done by telephone (to 01296 382343), or e-mail to democracy@buckscc.gov.uk