

THE EXECUTIVE

29 APRIL 2003

REPORT FROM THE DIRECTOR OF LEISURE AND ENVIRONMENTAL SERVICES

This report is not for publication because it concerns tenders and discussion of a contract yet to be awarded - relevant legislation: paragraphs 7, 8, 9 and 10 of Part 1 of Schedule 12A of the Local Government Act 1972.

COMMERCIAL ESTATE MANAGEMENT CONTRACT 2003-06: TENDER & PROFESSIONAL SERVICES CONTRACTS 2003-06: TENDER	FOR DECISION	
<p><i>This report is presented to Executive as it concerns the award of contracts, which are both likely to exceed £200,000 in value during the length of the contract period, and the Constitution (Contract Rule 10.1 (b)) stipulates that the Executive must approve such contracts.</i></p> <p><u>Summary</u></p> <p>In readiness for the expiry of the current arrangements for Commercial Estate Management and Professional Services on 31 May 2003, officers have tendered the contracts using the Restricted procedure in accordance with the Council's Constitution and European Procurement Directives. Two Contractors were shortlisted for the Commercial Estate Management contract and five for the Professional Services contract. All were interviewed and following a comprehensive evaluation, two contractors proved to offer the most economically advantageous solution for the Council.</p> <p><u>Recommendation</u></p> <p>The Executive is recommended to authorise the acceptance of the tenders from:</p> <ol style="list-style-type: none">1. Glenny for the Commercial Estate Management Contract; and2. Kemsley, Whiteley & Ferris for the Professional Services Contract <p>both to run for the period 1 June 2003 to 31 May 2006 with an option, subject to mutual agreement and adequate performance, to extend for a further two years.</p> <p><u>Reason</u></p> <p>These companies were selected as they represent the most economically advantageous solution of those who submitted tenders for this contract.</p>		
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1. Background

1.1 Commercial Estate Management

At present, the Commercial Estate Management function is carried out by Glenny, located within the Borough. The cost is currently in the region of £95,000 per annum. This contract relates to the management of the Council's commercial investment portfolio, consisting of approximately 380 properties comprising a mix of, predominantly, shops, social clubs, GP surgeries, industrial land and advertising hoardings. The portfolio is generally performing very well, bringing in an income of just over £2m per annum. Vacant units currently represent only 2.5% of the overall portfolio, the lowest figure for several years.

1.2 Professional Services Contract

1.2.1 The Professional Services Contract is principally undertaken by Cluttons, who use Messrs Kemsley, Whiteley & Ferris for elements of this work.

1.2.2 This contract relates to the marketing and selling of vacant land sites and other professional development work. The Council has an ambitious land disposal programme estimated to realise Capital receipts in excess of £50 m over the next 3 to 4 years.

1.2.3 Costs on this contract vary according to advice provided and sales, but both contracts have been evaluated using estimates and volumes for the first year of the contract.

2. Tender Process

2.1 The re-tendering process was initiated as both contracts expire on 31 May 2003.

2.2 By Minute 241, 17 December 2002 the Executive agreed that in order to enable the preparation of documentation, advertisement and the seeking of tenders, that the proposed procurement of the commercial estate management and professional services work are undertaken through Estate Management and Professional Services Contracts, for a 3-year period (June 2003 - June 2006), with the option of a further two years extension in both cases.

2.2 Full European Procedures were used in accordance with EC Directive 92/50/EEC for Service Contracts. The Restricted Procedure was used as this allows any relevant professional firm to tender with minimum calls on officers' time.

2.3 A total of 22 expressions of interest were received, all from firms with Chartered Surveyors. All were regarded as being potential contractors.

- 2.4 After initial examination of the applications, the following firms were invited to tender: -

Commercial Estate Management

Glenny
Nelson Bakewell
Colliers CRE
GL Hearn
Atis Real Weatheralls
Knight Frank
Strettons

Professional Services

Glenny
Kemsley, Whiteley & Ferris
Nelson Bakewell
Gerald Eve
Cluttons
GL Hearn
Atis Real Weatheralls
Knight Frank
FPD Savills
Colliers CRE
Strettons

- 2.5 Invitations to tender were sent on 10 February 2003 with a return date of the 24 March 2003 at 12 noon.
- 2.6 Two valid tenders for Commercial Estate Management Contract and five for Professional Services Contract were received within the deadline. One firm had already informed Officers that they would not be tendering for the Commercial Estate Management Contract.

3. Tender Evaluation

- 3.1 The Evaluation panel consisted of three senior officers from the Corporate Property Services Team for the Professional Services Contract, with an additional officer for the Commercial Estate Management Contract
- 3.2 The evaluation process was based on a mix of cost and quality, taken from the pricing document, a comprehensive method statement, submitted with the Tender, and an interview, which comprised a set series of questions to all applicants. The interview was designed to test their ability to manage the varying workload within the statutory timescales, together with experience, local knowledge, ability to deliver the key performance indicators, and work with the in-house team. These attributes would deliver Balanced Scorecard targets, improvements contained within the Best Value Improvement Plan and the Council's Community Priorities.
- 3.3 Individual scores were calculated to produce an overall percentage score. The results of the evaluation are outlined below.

3.3 Commercial Estate Management

Commercial Estate Management		
Company	Evaluation Score %	Estimated Cost p.a.
Glenny	89.1	£107,000
Nelson Bakewell	49.7	£282,000

3.4.1 The firm offering the most comprehensive service and the best combination of cost and ability to deliver the required specification is Glenny. The Executive may be aware that Glenny is our current contractor.

3.4.2 The evaluation panel felt that there would be no "added value" to the Council by employing Nelson Bakewell, particularly as the Contract would be managed outside the Borough. In view of this the panel also had reservations about their ability to deal effectively with urgent problems on this basis and interact with the commercial tenants.

3.4.3 The specification has been substantially re-written and is designed to build upon experience gained over the past years of out-sourcing this work. The pricing regime is based largely on results and thus fees will only be paid on the contractor completing particular areas of work. This will improve the Council's position substantially and will allow Council staff to concentrate on improving the service, relying on performance indicators and self-generating statistical information to regulate and control the flow and quality of work.

3.4.4 Of the two tenders, the recommendation is to allocate the contract to Glenny.

3.5 Professional Services

Professional Services		
Company	Evaluation Score %	Estimated Cost p.a.
Kemsley, Whiteley & Ferris	90.0	£123,000
Glenny	84.3	£110,000
Nelson Bakewell	71.3	£174,000
Gerald Eve	61.5	£212,000
Cluttons	57.6	£225,000

3.5.1 The evaluation procedure shows that Kemsley, Whiteley & Ferris afford the Council the most economically advantageous tender, taking into account price and quality. According the recommendation to the Executive is that Kemsley, Whiteley & Ferris offer the best combination of cost and ability to carry out the work.

3.5.2 Although not the cheapest firm, the evaluation panel felt that continuity of this contract at a time of a projected large volume of sales is important. Currently, this work is carried out mainly by Cluttons but with considerable assistance from Kemsley, Whiteley & Ferris. Kemsley, Whiteley & Ferris Kemsley have demonstrated, over the period of the existing contract, their ability to deal with issues whilst recognising the Council's priorities, but combining this with best commercial value.

3.5.3 As with the Estate Management Contract, the specification for Professional Services Contract (largely sales and development) has been substantially re-cast. There is an emphasis on results and fees only becoming payable when the case is finished. This will enable the Council to client the work more effectively and will deliver a clear result, which can be audited, to the Council, in particular in relation to the Capital Receipts Programme.

3.6 Both contracts have been designed to comply with Property Best Value Review and will place an onus on the contractor to undertake more stakeholder consultation and liaison with other Council Departments.

4. Financial Implications

4.1 The contracts will continue to be administered by Corporate Property Services and there are no extra staff costs involved. Costs in respect of the outside contractors will be met from Revenue budgets held by DLES. Corporate Property Services are seeking to offset as much as possible of the costs of the contracts through recoupment from purchasers, in keeping with the Best Value Improvement Plan. This represents a continuation of the present arrangements for the Council as a whole.

5. Consultation

5.1 During the procurement process consultation took place with the Procurement Officer, the Housing Department (particularly in the case of the Commercial Estate Management Contract), the Legal Department and the Finance Department.

Background Papers

- Executive Minute By Minute 241, 17 December 2002
- Property Best Value Review and Action Plan