



MAYOR OF LONDON  
OFFICE FOR POLICING AND CRIME

## The PSD Real Estate Management (REM) – Contract Value Uplift and Re-Procurement of Estate Management Contracts

### Investment and Monitoring Meeting (IAM)

Report by Vince Fihosy on behalf of the Chief People and Resources Officer

**Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC**

#### Executive Summary

This Business Justification seeks approval in two areas:

- (1) To uplift the contract value on the existing MOPAC contract that provide Estate & Asset Management services (EM) across the MOPAC Estate
- (2) To obtain authority to re-procure and award the following existing MOPAC contracts:
  - Estate Management Services Contract (EMS)
  - Estate Valuations Services Contract (EVS)
  - Estate Business Rates Services Contract – (EBRS)

PSD have undertaken a review of current EMS contract value and expiry dates given the increases in demand that have arisen from changes to the MPS operating model; subsequent policing demands and the review of the MOPAC estate strategy. These changes were not envisaged or modelled when the contracts were originally put to market in 2021.

#### Recommendations

The Deputy Mayor for Policing and Crime, via IAM is asked to approve the following recommendations:

1. Uplift of the existing EMS contract value from £6,100,000 to £9,100,528 in order to maintain service provision across the MOPAC estate within the existing contract term.
2. Approve the re-procurement and award of the following service lines, to within a 10% tolerance of the values outlined in this paper, to be signed off by the MPS Commercial Director under delegated authority:
  - a. Estate Management Services Contract through a restricted tender procedure with a proposed total contract value of £8,546,454. Based on a proposed contract length of 5+1+1 years.

- b. Estates Valuation Services Contract with a total contract value of £4,011,329 over a contract length of 5+1+1 years.
- c. Estates Business Rates Services with a proposed total contract value of £4,776,191 over a contract length of 6+1 years. This contract term is required in order to align with the rating and appeals process set in place by the Valuation Office Agency (VOA)

### **Time sensitivity**

A decision is required from DMPC by 13 September 2024. To enable adequate time for procurement to take place and new contract to commence at the point the existing contract reaches the end of its term. Continuation of this service is critical to the compliance of the estate and the support of operational policing.

**The key issues DMPC need to take account of are:**

### **Contract uplift Requirements**

The proposed value of each contract indicates the contract 'headroom' value and not the budget required. These figures have been calculated based on a benchmark of current annual spend; estimated future demands; inflationary increases and therefore, allow sufficient headroom in the contract value to continue the provision of services through to the end of the recommended contract term.

A number of external factors have influenced the need to uplift the current contract value to allow the continuation of the Estate Management services whilst a re-procurement exercise is undertaken.

The forecast spend for this service line at contract award was £3,660,000 for the initial 3 year term and £6,100 000 for the full term value including optional extensions, based on a projected annual spend of £1,220,000 (see table A below). The actual spend (29 November 2023) averaged out at £1,556,108 per annum which equated a total value spend to date of £2,463,839. As at 16 September 2024 the contract value remaining is £162,226.

The contract value did not take into account the impact of New Met for London and the significant works associated with retaining and renegotiating the many leasehold properties that were due to be exited under the former estate strategy. In addition, a significant amount of unforeseen work has also been incurred supporting the metrics and data to develop the draft 2024-2034 Estate Strategy that was recently approved by ExCo and the Strongest Ever Neighbourhood Policing Model.

Also, UK inflation has exceeded that estimated and significant additional planning consultancy support has been required for a number of grant funded Net Zero Carbon projects in order to meet Local Authority planning requirements.

**Table A – Contract Value**

Service	Existing contract expiry date (including extensions)	Existing/revised annual contract Value	Existing contract value (including extensions)
Estate Management Services	28-Apr-27	£1,220,000	£6,100,000

**Key Financial Data including proposed Contract uplift Requirements**

Budgets associated with these additional requirements are included within approved project and programme costs.

**Table B – Uplift to Contract Values**

Service	Existing contract value (including extensions)	New Proposed Annual Contract Value	New proposed Contract Value
Estate Management Services	£6,100,000	£1,820,106	£9,100,528

Re-forecasting of actual spend at the end of 28 April 2027, taking into consideration indexation uplifts for the final two years of the contract, have identified a predicted shortfall in contract value of £3,000,528, which equates to a 49% increase.

**Re-procurement timescales**

The current contracts are due to expire in April 2027 with the exception of the Estates Business Rates Services contract which needs to start in January 2026 in line with the start (April) of the 2026 rating list.

The proposed value of each contract includes allowance for inflation and other external factors (this is headroom in contract value and not budget) and has been calculated based on a benchmark of recent annual spend. A contingency has been included within the proposed contract value to allow expansion of services to accommodate the impact of the enlarged estate/increased occupancy and footfall aligned to Police recruitment targets and the New Met for London Plan.

Approval is sought from DMPC to ensure that re-procurement of these contracts can be carried out with sufficient time to fully comply with Public Contracts Regulations (PCR) 2015.

## **Non-confidential facts and advice to the Deputy Mayor for Policing and Crime**

### **Background to the Service Requirements**

These contracts provides services across all 32 London Boroughs and the MOPAC estate. A detailed review of the scope of all service lines has been undertaken (Nov 23) to identify any potential savings and none have been identified. Any removal of or reduction in the scope/level of service will impact on operational policing and/or result in degradation of the MOPAC Estate, with potential for consequential costs. A further review of all service lines will be undertaken during the preparation of the tender documents and specifications to confirm that there are no further opportunities for savings.

### **New Met for London**

These contracts support the organisation to achieve our mission of 'More Trust, Less Crime, High Standards' through ensuring the properties are invested in, and they 'set our people up to succeed' by ensuring that they are well placed to do their job. With these contracts in place PSD will be able to manage suitable services that support a well maintained estate creating higher standards in the working environments for front line officers and the communities they serve.

These new contracts further allow a provision to support growth in officer numbers and the corresponding demand on services that arise in delivering the MPS mission.

### **Contributes to the MOPAC Police & Crime Plan 2022-25<sup>1</sup>**

This request enables currently embedded services that are essential to the compliance of the estate, supports the public image of the MPS and maintains facilities needed to enable operational policing to function.

As part of the procurement of the Estate Management Services contract it is being considered to 'in-source' a number of roles currently undertaken by Knight Frank. This presents an opportunity to embed key resources with their associated retained knowledge into the MPS client team.

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<sup>1</sup> [Police and crime plan: a safer city for all Londoners | London City Hall](#)

## **Route to Market**

It has been concluded at the time of obtaining approval to re-procure these services that a restricted tender procedure is the most suitable and recommended route for these Services.

Property and Commercial Services will continue to explore all available frameworks and will use the appropriate compliant route to market, which may result in the change to the identified approach.

The Service lines will undergo a competitive tender process, and the evaluation criteria will be based on a blend of:

- Technical capability
- Commercial compliance
- Pricing competitiveness

A specific review will be undertaken on the evaluation weighting percentages linked to the service being procured to ensure the optimum split between quality and price is included within the tender process.

During the preparation of tender documents, Commercial Services will remain vigilant for any emerging availability of new frameworks or service bundling opportunities that may be more economically advantageous (MEA), if an alternative was identified it might be opted for in preference of the restricted tender or nominated framework.

## **Financial**

Each of the contracts are managed within the PSD budget and does not require additional funding.

Contract values within Part 2 include allowances for predicted inflationary uplifts together with additional funding from PSD capital budgets and other cost centres, in addition to the anticipated increase in demand as a result of expenditure associated with the New Met for London Plan.

PSD will not require additional funding for either the new contracts, or for the contract uplifts relating to the existing contracts. Full budget details are included in the Part 2 Business Justification Paper.

## **Legal Comments**

### **Recommendations 1**

Regulation 72(1)(a) PCR 2015 provides that contracts and framework agreements may be modified without a new procurement procedure:

Where the modifications, irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, which may include price revision clauses or options, provided that such clauses

- state the scope and nature of possible modifications or options as well as the conditions under which they may be used, and

- do not provide for modifications or options that would alter the overall nature of the contract or the framework agreement;

Commercial and Property Services have confirmed that the contracts in question allow for the requested increases and they can lawfully be approved on this basis.

Paragraph 4.13 of the MOPAC Scheme of Delegation provides that the Deputy Mayor of Policing and Crime (DMPC) has delegated authority to approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, when the variation or extension is greater than 10% of the original value and / or is for a period of more than 12 months.

### Recommendations 2 a-c

MOPAC is a contracting authority as defined in the Public Contract Regulations 2015 (the Regulations). All awards of public contracts for goods and/or services valued at £213,477 or above shall be procured in accordance with the Regulations. This report confirms the value of the proposed contract exceeds this threshold. This report confirms the MOPAC's routes to market is compliant with the Regulations.

The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve:

1. Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
2. All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).

Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call-in procedure. Paragraph 4.14 of the Scheme provides the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

### **Corporate Social Responsibility / Social Value**

Corporate and Social Responsibility (CSR) and achieving Social Value will be of focus on this requirement, including:

1. Contractual obligations and close audit of full compliance with statutory and social obligations as at Modern Slavery Act 2015
2. Building into the contract payable hourly rates of minimum London Living Wage
3. Engaging with suppliers within the local communities within underrepresented groups
4. Engaging with London Business Forums

### **Equality Comments**

1. As this relates purely to a re-procurement and value uplift for an existing contract, there are considered no negative equality or diversity implications arising from this process negating the requirement to present any mitigation.
2. Any approved suppliers will be evaluated for acceptable equality and diversity statements, as well as their ability to meet the MPS requirements under the Equality Act 2010 as suppliers to MOPAC. The evaluation exercise will consider their ability to act as a responsible employer and meet employment obligations deemed commensurate with wider GLA objectives.
3. In addition, it should be noted that the MPS support the Mayor's Responsible Procurement Policy including: Enhancing Social Value, Encouraging Inclusion, Diversity and Equality, Embedding fair employment practices, Enabling skills, training and employment opportunities, promoting ethical sourcing practices and improving environmental sustainability.

### **Anchor Institution Charter**

The following five key objectives agreed by the London Recovery Board:

1. To reverse the pattern of rising unemployment and lost economic growth caused by the economic scarring of Covid-19
2. Narrow social, economic and health inequalities
3. Help young people to flourish with access to support and opportunities
4. Support our communities, including those most impacted by the COVID virus
5. Accelerate delivery of a cleaner, greener London advancing the delivery of the Net Zero Carbon initiative

Will be achieved through ensuring that the bidders compete for this contract based on obligations to:

1. deliver local employment and their innovation in doing so;
2. have inclusion and diversity values that are reflected within their workforce;
3. work towards achieving 80% recycling;
4. have apprenticeship schemes in place; and
5. bring innovations into reducing their carbon footprint whilst working towards carbon net-zero

The bidders' responses will be evaluated on above criteria which will form an integral part of MOPAC's intended contract obligations on the supplier.

The CSR and Social Value elements (including the Anchor Institution Charter) will be worked through and built into the scope of services. Within the procurement exercise the bidders' responses will be evaluated on above criteria which will form an integral part of MOPAC's intended contract obligations on the supplier with a minimum weighing of 10% in line with Procurement Policy Note –Taking Account of Social Value PPN 06/20 and Carbon Reduction Plan PPN 06/21.

### **Privacy Comments**

1. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.
2. Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
3. The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the contract change meets its compliance requirements.
4. The contract does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered. This is not a new project or programme and purely relates to the contract value of an existing contract.

### **Real Estate Implications**

1. This change supports the draft 2024-2034 Estate Strategy by ensuring compliance and function of the estate. Stability created by continuation of existing arrangements will also support the MPS as the NMfL plan continues to be rolled out.

### **Environmental Implications**

1. The MPS Environment Policy and the Environment and sustainability strategy will be taken into consideration with any change in contract arrangements and the projects it delivers.

### **Background/supporting papers**

1. There are no supporting papers.

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**Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.**

The Government Security Classification marking for Part 2 is:  
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of '**BJP – PSD REM Estate Management Services- Contract uplift and Re-procurement of Estate Management Contracts**' (BJP), is exempt from publication for the following reasons:

- Commercial Interest Section 43

The paper will cease to be exempt until August 2028. Any request for information under FoIA would need to be assessed on a case by case basis, no matter what or when the original decision was made, as the circumstances may have changed eg information no longer commercially sensitive.