

REQUEST FOR DEPUTY MAYOR FOR FIRE AND RESILIENCE DECISION – DMFD149

Title: Procurement of Estates Professional Services

Executive summary:

This report seeks the approval of the Deputy Mayor for Fire and Resilience for the London Fire Commissioner (LFC) to incur expenditure of up to the amount set out in the Part 2 report for a new Estates Professional Services (EPS) contract procured from the Crown Commercial Services (CCS) Framework. The contract will enable the creation of an estate strategy that delivers against the LFC's strategic priorities; and is aligned to objectives within the Transformation Delivery Plan, the Grenfell Tower Inquiry/Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services Action Plan, and the London Fire Brigade's Togetherness Strategy.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the LFC to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...".

Decision:

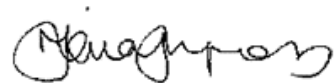
That the Deputy Mayor for Fire and Resilience authorises the LFC to commit expenditure of up to the amount set out in the Part 2 report for a new EPS contract procured from the CCS Framework.

Deputy Mayor for Fire and Resilience

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:



Date:

23/3/22

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 Report LFC-0624y to the London Fire Commissioner (LFC) sets out the background for the request to approve expenditure for London Fire Brigade (LFB) to incur expenditure of up to the amount set out in the Part 2 report for a new Estates Professional Services (EPS) contract procured from the Crown Commercial Services (CCS) Framework.
- 1.2 The LFB estate portfolio comprises 109 buildings across London. There is a wide variation of property ages, constructions and tenures across the portfolio. Across the estate there are 70 leases and licences of occupation.
- 1.3 LFB's estate management team within the Property Services department operates a core in-house function that relies on the support of an external supply chain of expert professional advisers. For all commercial and residential estate-related matters, professional advisers are essential in supporting effective management across the required specialisms. These include matters such as planning, rating, valuation and transactions.
- 1.4 In January 2017, the London Fire and Emergency Planning Authority (FEP 2688) approved the appointment of consultancy firm Dron & Wright for the provision of EPS; and entered into a contract for three-and-a-half years with an option to extend by two years. Provision was made to enact this extension (LFC – 0377). The need to procure and award a new contract is determined by the current contract expiry on 30 September 2022.
- 1.5 The current EPS contract has been delivered by the same supplier to LFC for more than 20 years. This contract provides a defined range of asset management services, primarily on an hourly rate pricing model. Specialist estates services that support areas such as management of the LFC's vertical (telecoms) rental estate, planning advice, and the provision of rating valuations and appeals are sub-contracted out to external suppliers.
- 1.6 To meet the operational requirements that have been identified under Grenfell Tower Inquiry (GTI)/Her Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS) action plan, and the LFC's Carbon Reduction Strategy, investment is planned to assist in transforming the LFC's estate to support the longer-term needs of the LFC.

2. Objectives and expected outcomes

- 2.1 The proposed new contract specification reflects the CCS Framework specification and provides an enhanced range of professional services for LFB to access. The proposed structure for the delivery of these services is a split between core and non-core services. The supplier selected from the CCS Framework will be the only supplier responsible for providing all the core services. Non-core services are not presumed to default to the main supplier; however, it is anticipated this supplier will become an intelligent provider to LFB for all professional requirements.
- 2.2 It is proposed that new contract terms will allow for specific circumstances within both the core and non-core services where an alternative provider to the main supplier may be used, or to allow

LFB to self-perform. These would include cases where there is a conflict of interest, or the opportunity to leverage specific geographic/local expertise.

2.3 The contract specification from the CCS is designed to deliver savings through its competitive rates and structure of the pricing models and continuous improvement measures. Some of the services are incentivised based on the level of savings achieved including rent negotiations and rating challenges. The following pricing methodologies will be applied to the various services depending on the requirement:

- hourly rates by discipline
- incentive/percentage fee – this has a minimum fee, and a capped maximum fee or initial fixed fee for consultation, which is then discounted from a final percentage fee
- fixed fee per service.

2.4 Table A provides an overview of the proposed contract structure, services and cost basis.

Table A – Scope and structure of EPS

Service area	Service type	Proposed fee structure	Summary
Property data management and auditing	Core	Fixed	Responsibility for managing and maintaining the LFB estate information within the LFB Property Portal, ensuring that it is current and accurate.
Property management and general advice	Core	Various depending on service	Management of events to include rent reviews; lease renewals; dilapidations; lease obligations; and other events, such as neighbourly matters, that may impact on continuing occupation of the property by LFB or a tenant.
Valuation	Core	Fixed	Valuation in accordance with the latest edition of the RICS Appraisal and Valuation Standards manual (also known as the Red Book) for the purposes of disposal, insurance and annual asset valuation to support LFB's financial accounting guidelines.
Rating	Core	Incentive fee	Proactive advice to mitigate changes in rates liability. Forecasting and checking rate refund calculations from the billing authority; and checking interest payment calculations issued by the billing authority.
Acquisition and disposal	Core	Percentage value	Supplier shall provide an initial report that takes into account market conditions and risks. The supplier shall undertake and manage transaction including any need for clawback, with advice on amounts and mechanism.

Strategic advice	Core	Hours	Provide strategic advice and develop a comprehensive estate strategy that optimises uses of the LFB estate, including procurement and whole-life value-for-money decisions.
Tenant management including the Single Persons Quarters	Core	Fixed cost	All aspects of commercial and residential landlord and tenant management including rent collection services.
Other services	Non-core	Various depending on service	Development consultancy, vertical estate (telecoms), planning, compulsory purchase, party wall, workplace planning, property financing (private finance initiative), accounts payable

- 2.5 The implementation of the new EPS contract will be a key enabler in upgrading the scope and quality of LFB estates data to ensure improved performance data is achievable as part of EPS provision. The new contract will provide:
- independent professional advice to support decision-making
 - an effective commissioning and fee structure aligned to industry standards
 - verified, accurate data to enable effective estates performance management
 - protection of LFB's position, for example on matters of town planning consents
 - the opportunity to minimise the costs of management and operation of the estate, e.g. via business ratings appeals
 - protection of the LFC's position on matters of town planning consents and compliance
 - best value on transactions such as acquisitions and disposals
 - compliance with landlord and tenant requirements
 - continued accurate valuations of the estate.
- 2.6 The new EPS supplier will be integral in developing the new LFB estates strategy to identify and optimise opportunity, use and collaboration; and in ensuring flexibility to respond to changes in operational and service delivery needs. As part of LFB's response to GTI/HMICRS recommendations, the Transformation Delivery Plan (TDP) has committed to developing a new estate strategy (TDP45). The objective will be to align LFB's estates portfolio with the forthcoming Community Risk Management Plan and planned delivery of the Target Operating Model.
- 2.7 Having reviewed the major lease events that will require a significant input and support of the new EPS supplier, the term of the proposed contract is five years, with the inclusion of a detailed performance regime to maintain service delivery at the required level or better. This format is to assure unrestricted estates professional service provision in support of the major lease-end for the LFB headquarters at 169 Union Street in March 2027.

Collaboration

- 2.8 In reviewing the sourcing options for this contract, a professional services working group was set up to establish feasibility of collaborating across the GLA Group; and several frameworks were reviewed. These included frameworks set up by the Ministry of Housing, Communities and Local Government (Homes England Property Professional Service Framework) and Transport for London (TfL Property and Development Consultancy Framework).

- 2.9 The Metropolitan Police Service has opted to procure via the Homes England Property Professional Service Framework. This specification is not as well aligned to the LFB requirement as the CCS Framework. Discussions took place with Transport for London (TfL) to identify if there was an opportunity to work together for this specific procurement. TfL's use of the CCS Framework is aligned to an 'on-demand' model that facilitates ad hoc call-off arrangements to support larger projects; the model does not support an ongoing 'business as usual' EPS provision, which LFB requires.
- 2.10 LFB and TfL were willing to work together. However, the estimated timelines for the partner bodies would create an unacceptable delay to the LFB programme and the fixed start for the new contract. Therefore, collaboration at this time was not considered feasible. However, LFB will share its specification to assist in the development of the tender documents for other partner bodies. The CCS Framework was reviewed, and provided all the service areas required by LFB. LFB has elected to use the CCS Framework, which aligns with TfL's engagement with CCS, although not in the form of a single procurement opportunity.

3. Equality comments

- 3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other prohibited conduct
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

- 3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice
 - promote understanding.
- 3.8 As an outcome of consultation with the Strategic Inclusion manager, an Equality Impact Assessment has not been undertaken in respect of this procurement. The procurement is being undertaken solely to enter into a new contract, as the existing contract term is coming to an end in September 2022. From an end-user perspective, the service transition should be completely transparent and have no negative impact to any individual and/or group safeguarded by a protected characteristic. If, as a result of the progression of this procurement programme, an equality impact is identified, a full Equality Impact Assessment will be implemented.

4. Other considerations

Workforce comments

- 4.1 It is not anticipated that there will be any workforce implications associated with this contract procurement. Any potential Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) obligations would be upon the new EPS provider and would not be the responsibility of LFB.

Sustainability implications

- 4.2 The CCS frameworks require suppliers to demonstrate they are committed to tackling modern slavery, and have considered the key policy considerations regarding sustainability.

Procurement

- 4.3 The CCS Framework agreement does not include within its range of suppliers the current provider of estates management services to LFB. As a result of the extended duration of LFB's relationship with the current EPS provider, early consideration has been given to protecting the LFB's corporate memory and ensuring an effective data transfer process can take place. LFB officers have initiated a request to Dron & Wright as the current EPS provider to engage in and agree on a robust de-mobilising action plan that supports the procurement programme timescales and mobilisation of the new contract.
- 4.4 The CCS Framework has a number of lots covering the services required by LFB. The final choice of the lot will be determined once the specification is finalised. All suppliers who are included in the chosen lot will be asked if they wish to take part in a mini-competition. All those who confirm that they wish to participate will be sent the tender documents. An agreed procurement activities programme is in place to ensure a timely contract award and transition. The evaluation will include a range of quality criteria (including responsible procurement) linked to the delivery of the

services, as well as a detailed pricing model to ensure value for money is maximised. The winning bidder will be the supplier that achieves the combined highest score for these criteria.

- 4.5 The framework call-off will be for a period of five years. This is due to the crucial professional service required to support the optimum solution regarding the renewal or surrender of the Union Street lease, which expires early in 2027. The Public Contracts Regulations allow for this approach as long as the reasons are clearly stated.
- 4.6 As property-based transactions can often take several months and may have an unknown completion date, this could result in specific projects that overlap the contract end date. The intention is for the new supplier to take over all LFB estates services. The outcome of a successful de-mobilising action plan will inform if any legacy projects require retention with the current providers. If this is the case, a separate contractual agreement will be required.

Conflicts of interest

- 4.7 There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1 The current transactional activity in the estate and previous cost of services is the basis for the estimated cost of this contract in Part 2.

6. Legal comments

- 6.1 Under section 9 of the Policing and Crime Act 2017, the LFC is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 6.2 By direction dated 1 April 2018, the Mayor set out those matters, for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the Deputy Mayor).
- 6.3 Paragraph (b) of Part 2 of that direction requires the LFC to seek the prior approval of the Deputy Mayor before “[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...”.
- 6.4 The Deputy Mayor's prior approval is accordingly required.
- 6.5 The statutory basis for the actions proposed in this report is provided by section 5A of the Fire and Rescue Services Act 2004, under which the LFC, being a “relevant authority”, may do “anything it considers appropriate for the purposes of the carrying out of any of its functions”.

- 6.6 LFB's legal advisers have confirmed that the proposed procurement routes for the services, as discussed in this report, are compliant with the Public Contracts Regulations 2015 and the LFC's Scheme of Governance (Part 3 Standing Orders Relating to Procurement).

Appendices and supporting papers:

Appendix 1 - Part 1 of Report LFC-0624y – Procurement of Estates Professional Services

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? No

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – Yes

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer

Richard Berry has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service

Niran Mothada has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

✓

Advice

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

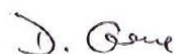
A summary of this decision was reviewed by the Corporate Investment Board on 7 February 2022

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

22/3/22