

REQUEST FOR DMPC DECISION – PCD 341

Title: Property Services – Professional Services & Estates Valuations - Contract Awards

Executive Summary:

The current contracts for the provision of professional estates services and valuation services expire in March 2018. This paper seeks approval for the award of two contracts from a Crown Commercial Services (CCS) framework agreement for a initial 3 year period plus up to 2, 1 year extensions. The estimated values of the call-off contracts are £8m and £1.2m respectively which can be met from within the MPS budget.

Recommendation:

The DMPC is recommended to approve

1. the award of a up to 5 year contract to Knight Frank LLP for the provision of estates professional services with a value up to £8m, and
2. the award of a up to 5 year contract to Montagu Evans Ltd for the provision of estates valuation services with a value up to £1.2m.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Epine Under

Date 13/08/18

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1. The current contracts for the provision of estates-related professional and valuation services expire in March 2018. Following approval to initiate procurement in August 2016 [PCD 45] the MPS now propose the award of two contracts to enable the continued provision of these services.

2. Issues for consideration

- 2.1 The provision of these services is necessary to both support the planned Estates Transformation programme and in meeting statutory duties in respect of the valuation of assets in the annual accounts.
- 2.2 The previous 4 contracts have been merged into 2 to better reflect the structure of the new Property Services operating model. The valuation contract will ensure accurate valuations of assets and adherence with CIPFA and RICS regulations in part to support the annual accounts, whilst a range of professional property functions such as town planning advice, addressing landlord & tenant issues, and acquisitions and disposals are covered by the professional services contract.
- 2.3 A mini-competition using the Crown Commercial Services (CCS) Estates Professional Services Framework, which is available to all GLA bodies, was carried out to minimise the time and cost of a procurement. The overall highest scored bidders are recommended for award.

3. Financial Comments

- 3.1 The award of the MOPAC contracts from the CCS framework has an estimated value of £9.2m. These costs will be met from within the existing MPS revenue and capital budgets.

4. Legal Comments

- 4.1 There are no reported legal implications arising from this report.

5. Equality Comments

- 5.1 There are no equality or diversity implications arising from this report.

6. Background/supporting papers

Appendix 1 - MPS Report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

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

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA 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:

	<i>Tick to confirm statement (✓)</i>
Head of Unit: The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: Legal advice is not required	✓
Financial Advice: The Chief Financial Officer has been consulted on this proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Executive Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

R. Lawrence

Date

07/03/18



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Award of Estates Professional Services & Estates Valuations Services Contracts**Report by Director of Property Services on behalf of the Deputy Commissioner*****EXECUTIVE SUMMARY***

The Mayor's Office for Policing and Crime is invited to approve in principle the award of contracts to replace existing contract arrangements which come to an end in March 2018. Estate Management Services include Town Planning, Landlord and Tenant Services, Disposal and Acquisitions and Valuations for all commercial and residential properties owned by the Mayor's Office for Policing and Crime and managed and occupied by the Metropolitan Police Service (MPS).

As part of the OMM 2020, significant changes are being made to the estate. This will see focused investment across London in those sites key to future operational needs and will enable further assets to be released for disposal.

Professional advisers are essential in the management of the estate: ensuring the MPS's position is protected on matters of town planning; best value is achieved on acquisitions and disposal; complying with landlord and tenant requirements; and maintaining accurate valuations of the estate. This supports the commercial standing of the MPS and minimises costs incurred on real estate assets.

Following a competitive procurement process, the board is requested to approve the following recommendations:

- Approval to award contracts for the following:
 - Estates Professional Services to Knight Frank LLP to a value of £8m for the contract period of 3 years plus 2 x 1 year extensions.
 - Estates Valuations Services to Montagu Evans Ltd to a value of £1.2m for the contract period of 3 years plus 2 x 1 year extensions.

The key issues to consider are:

- The overall value of the Estates Professional Services call-off contracts is anticipated to be up to £8m, of which up to £1.4m is fixed committed spend. The remaining £6.6m of Estates Professional Services and the £1.2m of Estates Valuations Services will be called off in line with requirements which arise from the implementation of the Estates Transformation Plan in accordance with the approved scheme of delegation. The Call-off Contract durations are both 3 years plus 2 x 1 year extension options.
- There is no exclusivity or guarantee of work volumes to the call-off agreements except for the fixed fee services which cover payment of Property Occupation Costs and day-to-day real estate management.

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A. RECOMMENDATIONS – That the Deputy Mayor for Policing and Crime**1. Approves:**

- a) Award of an Estates Professional Services contract to Knight Frank LLP to a value of £8m for the contract period of 3 years plus 2 x 1 year extensions, to be met from existing budgets.
- b) Award of an Estates Valuations Services contract to Montagu Evans Ltd to a value of £1.2m for the contract period of 3 years plus 2 x 1 year extensions, to be met from existing budgets.
- c) Notes that the overall value of the Estates Professional Services call-off contracts is anticipated to be up to £8m, of which up to £1.4m is fixed committed spend. The remaining £6.6m of Estates Professional Services and the £1.2m of Estates Valuations Services will be called off in line with requirements which arise from the implementation of the Estates Transformation Plan in accordance with the approved scheme of delegation.
- d) Also, there is no exclusivity or guarantee of work volumes to the call-off agreements except for the fixed fee services which cover payment of Property Occupation Costs and day-to-day real estate management.

B. SUPPORTING INFORMATION

1. Please refer to the attached Business Justification Paper, approved by Portfolio & Investment Board on 9th January 2018.
2. As part of the OMM 2020, significant changes are being made to the estate. This will see focused investment across London in those sites key to future operational needs and will enable further assets to be released for disposal. This procurement supports the OMM2020 by ensuring that estate management services can support the provision of good quality, suitable accommodation to meet the needs of a modernised police service.
3. Professional advisers are essential in the management of the estate: ensuring the MPS's position is protected on matters of town planning; best value is achieved on acquisitions and disposal; complying with landlord and tenant requirements; and maintaining accurate valuations of the estate. This supports the commercial standing of the MPS and minimises costs incurred on real estate assets.
4. The procurement routes chosen were mini-competitions within the Crown Commercial Services (CCS) Estates Professional Services Framework. Both the framework and the mini-competition exercises were carried out in compliance with the Public Contract Regulations 2015 (PCR15). The mini-competition exercises were undertaken in compliance with MOPAC contract regulations.
5. Costs in support of the disposal of specific properties will be offset against the relevant capital receipt. The balance of costs will be met from within the Property Services Revenue Budget.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact (mandatory)

6. There are no negative equality or diversity implications arising from this procurement process. All bidders were evaluated for acceptable equality and diversity statements, as well as their ability to meet the MPS requirements under the Equality Act 2010 as a supplier to MOPAC. The evaluation exercise considered their ability to act as a responsible employer and meet employment obligations deemed commensurate with wider GLA objectives.

Financial Implications / Value for Money (mandatory)

7. The MPS currently spend on average £1.4M per annum on the two Estate Management contracts that form the basis of this paper. Costs are met from the property services budget.
8. Through investing £837M capital (excluding Optimum Bias), the Estates Transformation Plan will enable the rationalisation of the estate, generating capital receipts of £396M, and delivering revenue savings of £56M as part of the overall financial strategy.
9. The estimated value of the two contracts over the 5-year period is £9.2M and represents an annual increase of £400K. This increase reflects both the revised operating model for Estate Management which is based on a smaller team supported by an external supply team, plus the increase in demand over the next 5 years due to the Estates Transformation Strategy.
10. It is important to note that of the total contract values of £9.2M, only £1.4M is fixed (£280K per annum). The balance of £7.8M will form part of call off agreements and will not commit the MPS to any expenditure and will be called off in line with approved scheme of delegation. Contract pricing is fixed price for the 5-year period.
11. Costs in support of the disposal of specific properties will be offset against the relevant capital receipt. The balance of costs will be met from within the Property Services Revenue Budget.

Legal Implications (mandatory)

12. In accordance with the Public Contracts Regulations 2015 (PCR15) the Authority has conducted two mini-competitions through the Crown Commercial Services (CCS) Estates Professional Services Framework RM3816. External legal support has also been provided throughout the process.

Consultation undertaken (mandatory)

13. Consultation grid

Key stakeholder engagement (up to what level)	Supportive / Supportive with concerns / Not supportive / Not affected
Peter Barrett - Director of Real Estate Management	Supportive
Tony Cooper - Head of Estates & Asset Management	Supportive
Annabel Cowell - Finance Business Partner - Estates Transformation	Supportive
Simon Wilson - Commercial Director	Supportive

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Risk (including Health and Safety) Implications (mandatory)

14. It is considered that there are no significant Health and Safety implications that this procurement poses at this stage. Further advice will be obtained as appropriate from the Safety & Health Risk Management Team (SHRMT) through the life of the contract.

Real Estate and Environmental Implications (if relevant to the subject)

15. There are no environmental impacts of this procurement. PSD will continue to engage with the MPS environmental team and identify any changes in plans / deliverables / approaches which may have environmental considerations through the life of the contract.

Report author: Alison Spackman, Estates Professional Services Project Lead, 07876 216399

Background papers:

Award of Contracts for Estates Management Professional Services & Estates Valuations Services
Updated Business Justification Report – Portfolio & Investment Board 9th January 2018

PART 2: EXEMPT SECTION OF THE REPORT

Part 2 is exempt under Article 2(2) (a) of the Elected Local Policing Bodies (Specified Information) Order 2011. The FOIA exemption that applies is as follows: Section 43: Commercial Interests.

The date at which Part 2 confidentiality can be reviewed: Upon publication of award of both contracts.

Appendix 1: PIB Report - Award of Contracts for Estates Management Professional Services & Estates Valuations Services Updated Business Justification Report – Portfolio & Investment Board 9th January 2018.