



City of Westminster

# Cabinet Member Report

<b>Meeting or Decision Maker:</b>	Councillor David Boothroyd, Cabinet Member for Finance and Council Reform
<b>Date:</b>	08 February 2023
<b>Classification:</b>	For Publication
<b>Title:</b>	Award of new Contract to Avison Young following Re-Procurement of External Managing Agents Appointment for Investment Property Portfolio
<b>Wards Affected:</b>	All
<b>Key Decision:</b>	Yes
<b>Financial Summary:</b>	The fee forecast under the new contract is £1.245 million. This is an increase of £0.044m compared with the budget of £1.201m.

## 1. Executive Summary

- 1.1. This report sets out the proposed contract award to appoint a provider to manage the Commercial/Investment Corporate Property Portfolio. Following a competitive tender process, in which 4 bids were evaluated, the contract is proposed to be awarded to Avison Young UK Limited (Companies House registration no, 06382509) as their bid was the highest scoring and is the most economically advantageous tender received.
- 1.2. The recommendation is to formally award a CCS RM6168 Framework Schedule 6 Order Form & Call Off Schedules to Avison Young UK Ltd for management of the Commercial/Investment Corporate Property Portfolio.
- 1.3. The contract is planned to commence 05 April 2023 for a period of 4 years with an option to extend an additional 2 years (4+ 1+1). This contract will

either end on 05 April 2027, if the core term is exercised or 05 April 2029 with all options of extensions.

- 1.4. The Evaluation Criteria adopted as originally approved was 70:30 Quality:Price.

## **2. Recommendations**

- 2.1. That the Cabinet Member for Finance and Council Reform approves the award of a new contract to Avison Young from 05 April 2023 for four years to 05 April 2027, with an option to extend for a further two years, with a maximum end date of 05 April 2029.
- 2.2. That the Director of Corporate Property be given the appropriate Delegated Authority to approve and award the one year term extension if appropriate.

## **3. Reasons for Decision**

- 3.1. To ensure the continued management of the Council's Property Investment Portfolio whilst also ensuring improved service delivery and value for money by way of a robust contract specification and detailed set of key performance indicators with penalty provisions for non-performance.

## **4. Background**

- 4.1. Corporate Property together with Procurement were tasked with running an appropriate exercise with a view to recommending the appointment of a new Managing Agent for the Investment Property Portfolio in light of the expiry of the previous contract with Avison Young.
- 4.2. Following the endorsement of the Procurement Strategy at CGRB, and approval from the Executive Director of Finance and Resources on 06th October 2022, the recommendation was to publish a further competition procurement process via a Framework procurement procedure, under Lot 1 (Total Estate Management) of CCS RM6168 framework for Estate Management Services.
- 4.3. The new contract specification has been drawn up to encompass a wider range of services to be provided by the successful Agent with an emphasis on appropriate resourcing and planning and their base fee was therefore expected to be over and above that levied under the previous contract.

- 4.4. The new Supplier will benefit from a higher guaranteed base fee so will be able to increase the dedicated resources employed on the instruction, providing an improved service to the Council and its tenants.
- 4.5. In order to set out Westminster's aspirations under such a new arrangement an extensive and detailed specification has been produced with inputs from Procurement, Finance and Corporate Property. Such detail will be carried forward and inform the drafting of the final contract itself to complete the legal process in respect of the contract award.
- 4.6. The ITT was published on the Councils E procurement portal via Capital E sourcing on 29 September 2022 with a submission date of 10 November 2022. All bidders listed on the Lot 1 (Total Estate Management) of CCS RM6168 framework for Estate Management Services were invited to submit a response to this opportunity.
- 4.7. Following the tender response deadline, 4 bids were received from the following contractors:
- Avison Young (UK) Limited
  - Carter Jonas LLP
  - Knight Frank LLP
  - Sanderson Weatherall LLP

- 4.8. Tenders received were reviewed in 2 stages as follows:

Stage 1 – Compliance with the qualification envelope – Led by Procurement

- Acceptance of the Councils' Terms and Conditions and the Terms and Conditions of the Framework
- All tender forms were completed in accordance with the ITT
- Commitment to the required insurances and their respective levels of cover
- Economic and Financial Standing
- Their tenders were compliant and met the specification requirements, including submission of all documents requested within the allocated page limits.

Stage 2 - Quality and Price Award criteria (Technical & Commercial Envelopes)

All tenderers were found to be compliant, and their responses were passed as able to proceed to Technical and Commercial Evaluation. All evaluators were required to sign a Conflict of Interest (CoI) form prior to receiving submissions and commencing individual evaluation. Upon receiving the signed CoI form no conflicts were noted evaluators

received a full evaluation pack; evaluation worksheet, tender documents, evaluation guidance and Bidders Technical submission.

Commercial submissions were withheld until Technical/Quality scores had been received to ensure the panel were fair and scoring upon the merits of the Technical/Quality proposals only.

- 4.9.** Moderation sessions were conducted by procurement to ensure a robust review of evaluations and confirm moderated scores. The moderation meetings were held on Thursday 15 December 2022.
- 4.10.** Avison Young response met all the requirements of the specification, they demonstrated a thorough understanding of the portfolio and the needs associated with the management of WCC's portfolio compared to the other bids. This contract offers WCC an increased level of resources and expertise allowing WCC teams to focus on strategic management of the portfolio. In addition, Avison Young's Commercial fee was only 7.3% higher than the lowest commercial bid, therefore demonstrating value for money.
- 4.11.** Based on the applied criteria and moderated scores. Avison Young UK Limited are identified as the preferred bidder.

## **5. Financial Implications**

- 5.1.** The current budget, following the inflation uplift, will be £1.201m. The annual costs of the proposed contract will be £1.245m, an increase of £0.044m per annum. It should also be noted that fees for marketing of vacant units, rent reviews and other lease events where the rental value is more than £0.050m per annum are not covered by the core fee. These increases in costs will need to be met by reducing expenditure elsewhere in Property (The total budget for Corporate Property is £34.159m gross expenditure and £31.851m income).

## **6. Legal Implications**

- 6.1.** This report seeks approval to award a Contract (UK) Limited for external managing agents for the Investment Property Portfolio to Avison Young for a total sum of £7.47 million over a potential period of 6 years.
- 6.2.** The Public Contracts Regulations 2015 apply to this contract and a competitive procurement process is required. A procurement process which complies with the requirements of a CCS framework RM6168 for

Estate Management Services satisfies the requirements of these Regulations.

- 6.3. Under paragraph 4.1.3 of the Procurement Code a contract of this type must be approved by a Cabinet Member following a recommendation from the appropriate Executive Leadership Team Member and with CGRB endorsement.

## 7. Staffing Implications

- 7.1. None

## 8. Consultation

- 8.1. Not applicable


**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:**

**Philip Owen, Head of Fund Management**

For completion by the **Cabinet Member for Finance and Council Reform**

**Declaration of Interest**

I have no interest to declare in respect of this report

Signed:  Date: 07 February 2023

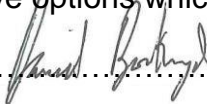
NAME: Councillor David Boothroyd

State nature of interest if any

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*(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled Award of new Contract to Avison Young following Re-Procurement of External Managing Agents Appointment for Investment Property Portfolio and reject any alternative options which are referred to but not recommended.

Signed  .....

**Cabinet Member for Finance and Council Reform**

Date ...07 February 2023.....

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:  
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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal and Democratic Services, Chief Operating Officer and, if there are resources implications, the Director of Human Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in