

# Cabinet Member Report

<b>Meeting or Decision Maker:</b>	Cabinet Member for Climate Action, Regeneration and Renters in consultation with the Cabinet Member for Finance and Council reform
<b>Date:</b>	11 September 2023
<b>Classification:</b>	General Release
<b>Title:</b>	Cabinet Member Report for Property Management Support Advice
<b>Wards Affected:</b>	Not specific
<b>Policy Context:</b>	Facilitates the delivery and management of new affordable housing in the borough
<b>Cabinet Member:</b>	Councillor Matt Noble
<b>Key Decision:</b>	This report involves a Key Decision and an entry for 'Property Management Support' has been included for 28 days on the list of forthcoming decisions.
<b>Financial Summary:</b>	<p>Maximum overall contract spend is £600,000 (exclusive of VAT) over 4 years.</p> <p>Budgets for resources and professional fees within individual projects will be used to cover the costs of the contract.</p>
<b>Report of:</b>	Vikki Everett, Head of Development

## 1. Executive Summary

The Regeneration and Development Team have competitively tendered the provision of property management consultancy services to assist the Council in:

- Designing new build residential developments with ongoing management considerations in mind from the outset;
- Advising on appropriate estate, housing and energy management arrangements on developments;
- Assist in the development of service charge arrangements for mixed tenure developments;
- Advise on the performance and management arrangements for external managing agents; and
- Assist the Council in the mobilisation for management and handover of development schemes.

The scope and nature the services procured enables the utilisation of this appointment by Regeneration and Development, Corporate Property and Housing. It also establishes a strategic appointment with a specialist and capable consultancy that is managed at a senior level within the Council and enables services and support to be available on 'call-off arrangements' for a period of 3 years with the option to extend for a further year. The total contract value is set at £600,000 exclusive of VAT.

The call off arrangements provide no certainty of services and fees to the preferred consultants and have been designed to have suitable arrangements in place to provide access to specialist market knowledge and capability regarding longer term housing and estate management and service charge expertise.

These services are business critical for the ongoing success and delivery of the regeneration and development programme.

SAY Property Consulting LLP provided the most economically advantageous tender following the procurement exercise undertaken and we recommend they are appointed to provide property management support and advice required. Subject to approvals, the contract will commence in September 2023.

SAY Property Consulting LLP is a trusted partner and supplier to the Council and has the experience and capability to provide the scope of services that are likely to be required on the programme over the next 4 years.

The appointment of SAY will enable us to implement a more standardised and good practice approach to ongoing, longer-term housing, estate and energy management arrangements. It will ensure that we facilitate and implement more robust transition arrangements from development to housing and corporate property, learning the lessons from previous schemes and whilst we build the internal teams necessary to manage these arrangements effectively ourselves.

## **2. Recommendations**

That the Cabinet Member for Climate Action, Regeneration and Renters in consultation with the Cabinet Member for Finance and Council Reform

- Approves the appointment of SAY Property Consulting LLP to provide property management support and advice at a maximum contract value of £600,000 (excluding VAT and £720,000 including VAT) and for a maximum contract period of 4 years.

## **3. Reasons for Decision**

This appointment will enable the development and implementation of a standardised and consistent approach to management, maintenance, operational costs and service charges across the Regeneration and Development programme, tailored only to any specifics of a scheme.

Cabinet Member approval is required as this report recommends the appointment of a service contract in excess of £300,000.

## **4. Background, including Policy Context**

Westminster City Council is bringing forward and delivering an ambitious programme of regeneration and residential development across the borough. The programme encompasses complex, multi-phase regeneration schemes such as Church Street, Ebury Bridge Estate and Lisson Grove Programme, major developments such as 300 Harrow Road, Lisson Arches and Cosway Street alongside smaller infill developments such as Ashbridge, Ashmill and Adpar.

Our approach is fully aligned with our Fairer Westminster Vision: Delivering on our plan to build a Fairer Westminster | Westminster City Council and specifically, is aligned with the Council's net zero carbon targets and commitments to engaging with and listening to our resident communities.

We are delivering mixed tenure developments that include new social, intermediate and private homes. The new residential homes also includes the provision of community supported and extra care housing units for older residents. We are also delivering new public open space and non-residential facilities including new local retail, community and enterprise spaces.

We need to develop and adopt a standardised and consistent approach to the management and maintenance of the developments so that we have:

- A clear, comprehensive and standard scope for management and maintenance services, including key performance indicators, that can be adopted on all schemes;
- Management and maintenance to cover housing, estate and energy services and incorporate both soft and hard facilities management services required for

successful scheme management and resident satisfaction – pre and post occupation;

- A service charge breakdown template that can be adopted across all projects and completed and tested through the development process and key project gateways to ensure compliant, comprehensive and value for money service charges on schemes;
- Operational cost budgets and breakdowns for schemes to ensure the management and maintenance strategy is reflected in the ongoing business plans of the Council;
- Clear and well articulated client requirements to be included within the Council's updated Employers' Requirements and that can be incorporated into development agreements, construction contracts and professional team appointments to ensure a compliant and well managed transition from construction through completion and handover to aftercare / post completion to ensure the client and customer experience is a positive and well managed one;
- Adopt an approach that meets the testing and operational requirements of new plant and equipment that does not undermine the performance guarantees, defect obligations and warranties under the contracts; and
- Standardised service specifications for each category of housing and non-residential elements.

A number of schemes have already completed and a there is a further pipeline of schemes due for completion during 2023-2027/8.

As a priority we need to ensure that these schemes have a clear management and maintenance strategy in place and that it is successfully implemented by the due date to ensure a smooth transition from construction through to operation. For the avoidance of doubt, we are assuming that this will include housing, tenancy and leaseholder management, soft and hard facility management services, energy maintenance and management and grounds and estate services.

The Council requires external support from a suitably qualified consultant to assist us in the development and implementation of a standardised and consistent approach to management, maintenance, operational costs and service charges across this programme, tailored only to any specifics of a scheme.

The consultant will be expected to work with Westminster's nominated team to provide specialist property management advice and support as follows:

- Design for management services and advice to shape scheme designs and considerations from an operational management perspective;
- Scheme operational cost budgets;
- Scheme service charge budgets and implementation support and guidance;
- Advice and implementation of sinking and reserve fund arrangements for schemes;

- Support in the preparation for and implementation of management strategies including support in market engagement exercises, supporting procurement and tendering of management and maintenance opportunities, including service specifications, key performance indicators, contractual documentation and mobilisation plans;
- Mobilisation of the management arrangements to ensure a smooth transition from construction, through completion, handover and occupation.
- Energy and heat management and maintenance advice and support including the metering and billing arrangements on schemes.

The regeneration and development team has worked with colleagues in both corporate property and housing in this process and this appointment will be available for utilisation by these teams. The contract will be managed at Head of Development level within the Regeneration and Development team.

A standardised approach and standardised specifications will need to be developed as part of this brief and, importantly, where there are mixed uses and tenures on schemes a clear delineation between internal and external providers will be necessary, together with how these interfaces are best managed to ensure a good client and customer experience, ease of management for the Council and clear and value for money costs and service charges for the Council and residents.

An Open Tender (ITT) was published and 3 bids were received from Gardiner & Theobald LLP, Savills (UK) Ltd and SAY Property Consulting LLP. The approach adopted for the procurement strategy was via a compliant Open Tender process undertaken in line with the Public Contract Regulations (PCR's) and Councils Procurement code.

Bidders were assessed on compliance, acceptance of the contract terms, and other minimum standards including the living wage, previous contractual experience case studies, Insurance liability, Economic and Financial standing including the 3rd party information assurance framework and confirming adherence to the Supplier Charter, in line with the PCR's and WCC procurement code using the WCC open tender template. Bidders required to have a mean average turnover in the past two years more than £300,000 based on accounts available from Credit Safe or information supplied by the bidder. All bidders passed this section.

Bids were evaluated on the basis of quality and commercial by an experienced team and encompassing a full moderation process. SAY Property Consulting LLP provided a high quality and compliant tender. They were the most economically advantageous bidder and we recommend their appointment.

## **5. Financial Implications**

The anticipated spend is circa £150,000 per annum for a maximum contract period of 4 years generating a potential total contract value of £600,000 (exclusive of VAT).

Profiling of spend over the initial years may be higher whilst standardised approaches, documentation and templates are produced and spend levels reducing in later years as processes are embedded and less support is required.

It is hoped that detailed workstreams on consistent post-completion actions for schemes will lead to improved forward planning for budget setting in the future.

All projects in the Development programme contain a budget allowance for professional fees. Depending on the project stage, this is either a % of overall costs or a fixed amount if the level of engagement to be undertaken can be estimated accurately. Consultant time will be monitored and charged across the individual schemes they are supporting.

## **6. Legal Implications**

The contract is planned to commence in September 2023 for a period of 3 years with an option to extend for 1 year, including a no-fault break clause after years 1 and 2. The maximum contract value over a four year period is £600,000 excluding VAT (£720,000 including VAT).

The contract is caught by the requirements of the Public Contracts Regulations 2015 (PCR). The tender followed an open procedure in compliance with the PCR and the Council's Procurement Code.

Under the Council's Procurement Code (section 4.1.3) a Cabinet Member is authorised to approve the award of a consultancy contract with a financial value over £300,000 following recommendation to approve from the appropriate Executive Leadership Team member subject to prior endorsement by the Council's Commercial Governance Review Board.

The JCT CA form of contract with standard WCC amendments, will be used on a 'call off' basis against the submitted schedule of agreed rates. The contract will need to be sealed.

## **7. Carbon Impact**

This decision will have no carbon impact. The management arrangements deployed across the programme will ensure the ongoing performance of the residential buildings and the behaviours of residents are in line with the longer-term carbon performance and sustainability criteria.

## **8. Equalities Impact**

This decision will have no equalities impact. It will ensure that equalities impacts of future management arrangements are fully considered prior to any scheme or programme recommendations.

## 9. Consultation

This decision is not Ward or scheme specific and so no Ward Member consultation has been undertaken. No public consultation has been undertaken. As services are delivered on specific schemes then all the necessary consultation will be undertaken.

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

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07971017583

## APPENDICES

None

## BACKGROUND PAPERS

None

For completion by the **Cabinet Member for Climate Action, Regeneration & Renters**

### **Declaration of Interest**

I have <no interest to declare / to declare an interest> in respect of this report

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
NAME: **Councillor Matt Noble**

State nature of interest if any:

*(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 **Property Management Support Advice** and reject any alternative options which are referred to but not recommended.

Signed: \_\_\_\_\_

Cabinet Member for Climate Action, Regeneration & Renters

Date: \_\_\_\_\_

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:

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 Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (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.



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

**Declaration of Interest**

I have <no interest to declare / to declare an interest> in respect of this report

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

NAME: **Councillor David Boothroyd**  
\_\_\_\_\_

State nature of interest if any:

*(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 **Property Management Support Advice** and reject any alternative options which are referred to but not recommended.

Signed: \_\_\_\_\_

Cabinet Member for Climate Action, Regeneration & Renters

Date: \_\_\_\_\_

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