

# Finance and Resources Committee

2.00 p.m, Wednesday, 13 May 2015

## Framework Agreement for the provision of Commercial Estate Management and Residential Property Consultancy Services

Item number	7.20
Report number	
Executive/routine	
Wards	All

### Executive summary

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The Council has a large and diverse portfolio of commercial properties, and operates as a residential landlord for around 20,000 homes, as well as developing and regenerating areas through its own new build programme.

Whilst the majority of property transactions are dealt with in-house, there is not always the level of resource or expertise available to undertake all aspects of work.

This report seeks approval for a two year framework agreement for the provision of professional advice and assistance on residential and commercial property issues. The intention is to appoint up to four consultants per lot, ranked across two lots, with the option to extend annually for a further two years.

### Links

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Coalition pledges	<a href="#">P29</a> , <a href="#">P33</a>
Council outcomes	<a href="#">CO16</a> , <a href="#">CO23</a>
Single Outcome Agreement	<a href="#">SO4</a>

## Framework Agreement for the provision of Commercial Estate Management and Residential Property Consultancy Services

### Recommendations

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It is recommended that Committee:-

- 1.1 Approves the award of Lot 1, Commercial Estate Management Consultancy Services to:
  - Ryden LLP;
  - DTZ Debenham Tie Leung Limited;
  - Jones Lang LaSalle (JLL); and
  - GVA Grimley Ltd (trading as GVA James Barr);
- 1.2 Approves the award of Lot 2, Residential Property Consultancy Services, to:
  - Rettie & Co; and
  - Ryden LLP;
- 1.3 Notes that services issued under the framework agreement will be by means of a mini competition or, where it is in the best interest of the Council or in circumstances of extreme urgency, direct award up to a value of £3,000; and
- 1.4 Notes that the terms of the Framework Agreement are for a two year period with the option to extend annually for a maximum of two further years.

### Background

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- 2.1 The Council has a large and diverse portfolio of commercial and operational properties. The Council's investment portfolio of nearly 1000 let properties includes circa 300 industrial units, 150 shops, 100 offices and 100 ground leases. The current rent roll is circa £15m per annum. The Council's operational estate extends to more than 500 properties including offices, schools, libraries, depots, care homes, museums and community centres.
- 2.2 The Council operates as a residential landlord for around 20,000 homes, as well as developing and regenerating areas through its own new build programme. In addition, the Council has developed successful partnerships, with housing associations and private developers, to progress innovative development and funding solutions to provide new homes for intermediate rent and sale.
- 2.3 The vast majority of property transactions, including lease renewals, disposals and valuations, are carried out in-house. There is, however, a growing requirement for specialist advice on developing business cases and funding models, particularly to support the supply of affordable housing in the city. The

framework will provide additional capacity to supplement in-house resources in providing specialist property and development expertise.

## Main report

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- 3.1 On 3 October 2014, a contract notice for a two-stage restricted procedure was published in the Public Contracts Scotland Portal, inviting expressions of interest from suitable applicants to deliver the Framework. Interested parties responding to the notice were provided with the Pre-Qualification Questionnaire (PQQ).
- 3.2 The Framework Agreement was split into two lots, detailed below:
  - Lot 1 – Commercial Estate Management Consultancy Services.
  - Lot 2 – Residential Property Consultancy Services.
- 3.3 It was anticipated that eight applicants would be selected to proceed to the Invitation to Tender (ITT) stage per lot. The Council received 12 PQQ submissions for Lot 1 and received only four PQQ submissions for Lot 2.
- 3.4 The Council evaluated the PQQs against pre-set selection criteria and, on 11 December 2014, eight of the highest scoring applicants were invited to bid for Lot 1. However, one applicant from Lot 2 was disqualified as they did not meet the mandatory criteria of being RICS registered. Therefore, three applicants were issued ITT's for Lot 2. All invited applicants submitted their proposal on 16 January 2015.
- 3.5 To ensure that the tender was awarded to the providers offering best value, the bids were assessed, based on the most economically advantageous tenders. The weightings used for the selection of the consultants were based on Quality 70% and Price 30%.
- 3.6 Tenders were independently scored in relation to quality and price. The tender returns were checked for compliance and all were deemed compliant by the evaluation panel.
- 3.7 A consensus meeting took place, following quality scoring on 2 February 2015, to agree final written quality scoring for both lots.
- 3.8 Supplier presentations were then carried out with all applicants as part of their quality evaluation, and thereafter a further consensus meeting held for the presentation scores.
- 3.9 The quality analysis was based on weighted Award Criteria questions, which were scored using a 0 to 10 matrix. Following completion of the quality analysis, tenders that pass the minimum threshold score of 50% for quality were subject to a cost analysis. One tenderer did not meet the quality threshold for Lot 2, therefore their price submission was not opened. The cost element was assessed on the prices submitted for core services and consultancy rates for additional advisory services. The tenders were independently evaluated, and the results of the evaluation process are shown below:

### **Lot 1: Commercial Estate Management Consultancy Services**

<b>Bidder</b>	<b>Quality Score 70%</b>	<b>Price Score 30%</b>	<b>Combined Total 100%</b>
Ryden LLP	56.35	30.00	86.35
DTZ	46.55	22.23	68.78
JLL	53.90	10.51	64.41
GVA	45.85	18.19	64.04
Bidder 5	40.60	17.43	58.03
Bidder 6	43.75	14.02	57.77
Bidder 7	38.50	16.33	54.83
Bidder 8	38.50	12.72	51.22

### **Lot 2: Residential Property Consultancy Services**

<b>Bidder</b>	<b>Quality Score 70%</b>	<b>Price Score 30%</b>	<b>Combined Total 100%</b>
Rettie & Co	57.75	28.10	85.85
Ryden LLP	47.25	30.00	77.25
Bidder 3	32.20	00.00	32.20

3.10 The contract has been established as a two year framework agreement, with the option to extend for a further two years on an annual basis. The framework agreement is contained in two lots with following being appointed to:

#### Lot 1

- Ryden LLP.
- DTZ Debenham Tie Leung Limited.
- Jones Lang LaSalle.
- GVA Grimley Ltd (trading as GVA James Barr).

## Lot 2

- Rettie & Co.
- Ryden LLP.

3.11 The following call-off methodology will be used by the Council in awarding commissions through the Framework Agreement:

- In cases of extreme urgency or when in the best interest of the Council, services up to the value of £3,000 to the highest ranking Framework Consultant which in Lot 1, is Ryden LLP and in Lot 2, Rettie & Co.
- If the Preferred Framework Consultant does not have the capacity to undertake the work, or is professionally conflicted, the Framework Consultant ranked second will be offered the service and so on.
- The appointment of services will be subject to Mini Competition between all Framework Consultants unless this would not be in the Council's immediate best interests, e.g. in circumstances of extreme urgency.

## Measures of success

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4.1 Key Performance Indicators will be used to monitor and evaluate contractor compliance. These include:

- Provision of management information;
- Customer service;
- Response times; and
- Accuracy in pricing work.

## Financial impact

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5.1 The costs associated with procuring this framework are estimated to be below £10,000.

## Risk, policy, compliance and governance impact

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6.1 The evaluation process was carried out in compliance with the Public Contract (Scotland) Regulations 2012.

## Equalities impact

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- 7.1 Responses to the PQQ have demonstrated that all firms have a clean record in relation to equalities and rights failures.
- 7.2 All the proposed community benefit action plans provide enhanced opportunities for recruitment and training. Community and charity work is expected to provide positive benefits for all people, including those with protected characteristics.

## Sustainability impact

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- 8.1 The impacts of this report have been considered in relation to the Climate Change (Scotland) Act 2009 - Public Bodies Duties.
- 8.2 Community benefits are being sought through this contract and accounted for 5% of the total quality score in the tender evaluations.

## Consultation and engagement

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- 9.1 Not applicable.

## Background reading/external references

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## Links

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<b>Coalition pledges</b>	P29 – Ensure the Council continues to take on apprentices and steps up efforts to prepare young people for work. P33 – Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used.
<b>Council outcomes</b>	CO16 – Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed Neighbourhood. CO23 – Well Engaged and Well Informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community.
<b>Single Outcome Agreement</b>	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.
<b>Appendices</b>	Appendix 1 - Summary of tendering and tender evaluation processes.

## Appendix 1 - Summary of Tendering & Tender Evaluation Processes

Contract period	Two years with an option extend annually for a further two years
Estimated contract value range	Range between £800,000 and £1,000,000
Standing Orders observed	2.4
Governing UK Regulation	Public Contracts (Scotland) regulations 2012
Pre-Qualification Questionnaires returned	Lot 1 – 12 Lot 2 - 4
Invitations to tender issued	Lot 1 – 8 Lot 2 - 3
Tenders returned	Lot 1 – 8 Lot 2 - 3
Tenders fully compliant	Lot 1 – 8 Lot 2 - 2
Recommended suppliers	Lot 1 – 4 Lot 2 - 2
Primary criterion	Most economically advantageous tender 70% Quality 30% Price
Evaluation Team	Internal Evaluation Team