

<b>Mr Hunt, Cabinet Member for Finance and Resources</b>	<b>Ref No: FR08 (19/20)</b>
<b>July 2019</b>	<b>Key Decision:</b> Yes
<b>Re-commissioning of Valuation, Ratings and Agricultural Estates Management Contracts</b>	<b>Part I</b>
<b>Report by Executive Director Resources</b>	<b>Electoral Division: All</b>
<p><b>Summary</b></p> <p>This report seeks approval to commence the procurement process for the recommissioning of three contracts for services to replace the current Agricultural Management Contract which expires on 31 March 2020 and the current Valuations and Ratings Contract which has been extended and now expires on 31 August 2020. The three new contracts will cover Agricultural Estate Management, Asset Valuations and Non-Domestic Rating Assessments.</p>	
<p><b>West Sussex Plan: Policy Impact and Context</b></p> <p>The County Council's West Sussex Plan set outs its ambition to minimise the burden of local taxation, delivering the best outcomes for residents with the money it spends, whilst living within its means. A Corporate priority is a Council that works for the Community with the supporting objective of ensuring Value for Money. Efficient management of the County Councils agricultural estate supports this ambition. The County Council has a statutory duty to record the valuation of the estate, formal re-valuations are required at least every five years, although more frequent valuations may be required for investment properties, assets held for sale, surplus assets and other high-value assets.</p>	
<p><b>Financial Impact</b></p> <p>It is expected that costs in this field of work will have risen over the last five years due to inflation, however, by adopting a call-off or 'framework' agreement the County Council has no obligation to commission a specific volume of services and gives no undertakings in that respect. Any cost increase will, therefore, be managed within the existing budget.</p>	

## **Recommendations:**

### **That the Cabinet Member endorses:**

1. The commencement of the procurement process for the re-commission of three contracts as follows:-  
  
Contract 1: Agricultural Estates Management  
Contract 2 : Asset Valuations  
Contract 2: Non- Domestic Ratings Assessments and Appeals
2. Authority is delegated to Director Property and Assets to award the contract(s) to the bidder(s) submitting the most economically advantageous tender in terms of quality and price,
3. The Agricultural Contract will commence from 1 April 2020 and the Contracts for Valuations and Ratings from 1st September 2020. Each contract will be for a period of 5 years, with the County Council having the option to extend these contracts for a further period of up to 5 years (maximum contract period 10 years) and be subject to satisfactory contract performance, review of consultants capacity, and/or a major review of the professional services needed,
4. In addition to West Sussex County Council, Contract 2: Asset Valuations, shall be available for use by the following Public Bodies should they wish to be included in the tender process: West Sussex based District and Borough Councils, as well as the South East 7 Group (SE7) authorities, Hampshire County Council, Kent County Council, Surrey County Council, Brighton & Hove City Council, Medway Council and East Sussex County Council. This option will enable increased alignment and resource management between public sector bodies.

## **PROPOSAL**

### **1. Background and Context**

- 1.1 The County Council holds a very substantial and varied portfolio of operational and non-operational properties covering educational, residential, community, agricultural and highway land and property. (This report specifically excludes all property held for the purposes of the Local Government Pension Scheme).
- 1.2 In 2013 three call-off contracts were procured and awarded to deal with:
  - i. Portfolio and professional advice (ended in 2017)
  - ii. Asset Valuations and Ratings advice (currently delivered by Montagu Evans)

iii. Agricultural Estate management (currently delivered by Strutt and Parker)

- 1.3 The Estate management and professional advice contract expired in 2017 and was not renewed. The intention is to review the need for that service and procure a new contract, however that will be subject to a separate report.
- 1.4 In 2017 both the Asset Valuations and Ratings Contract and the Agricultural Estate Management contract were extended for 1 year to the end March 2019 to allow more time to consider the most appropriate approach, the contracts were further extended again in 2018 to expire on 31st March 2020. A further extension of the Valuations and Ratings contract has now been agreed to extend this contract until the 31st August 2020 to allow the current contractor to provide support through the end of year and audit process.
- 1.5 The total value of expenditure under the contracts awarded from 1 April 2013 to date has been approximately £633,000 and breaks down as follows:
- Asset Valuation and Ratings - £333,000
  - Agricultural Management - £300,000

## **2. Proposal Details**

- 2.1 The proposal is to commence the procurement process for the provision of three contracts to support the work of the Valuations and Estates Team.
- 2.2 The anticipated value of the three contracts is £104,500 per annum. The value of the contracts is above the threshold value for which the EU procurement Directives apply approx. £180,000, consequently, a full EU compliant procurement process in accordance with the Public Contracts Regulations 2015 and Council's Standing Orders on Procurement and Contracts is required, which is open, fair and transparent.
- 2.3 The arrangements will continue as "call off" contracts. The level of work provided to the Consultant(s) can be controlled and varied as circumstances demand. As this is a specialist market place, and to encourage as many contractors as possible to participate in the procurement process the requirements will, as noted, be divided into 3 discreet contracts (or 'lots') as follows:
- Contract 1: Agricultural Estate Management  
Contract 2: Asset Valuations  
Contract 2: Ratings Appeals
- 2.4 The procurement process will be undertaken by the use of the West Sussex Sourcing portal hosted by Intend.
- 2.5 The proposal is to follow a mini competition procurement process through the ESPO Estate Management and Consultancy Services Framework ref 2700 for the first two contract lots Contract 1 Agricultural Estate Management through ESPO Lot 2b Agricultural Agency and Contract 2 Asset Valuations through

ESPO Lot 1 Valuation Services. It is proposed to use the Homes England (Formerly Homes and Community Agency) Property Professional Services Framework for Contract 3 Ratings Appeals. Both proposed framework agreements will be assessed by Legal Services prior to the publication of any mini-competitions for suitability and confirmation that the maximum term of the call off contract aligns with the proposed contract terms.

- 2.6 The contracts will be awarded to the bidder(s) submitting the most economically advantageous tender for each contract to ensure delivery of best value for money services.
- 2.7 It is proposed that the contract periods should be for an initial term of 5 years with the option to extend for periods up to a further 5 years. Therefore the maximum possible contract term including all extensions shall be no more than 10 years. This is due to the business rate cycle that covers a 5 year period, and the need to ensure all assets are revalued at least once every five years. In addition the nature of property allows for longer term arrangements.
- 2.8 It is proposed that authority is delegated to the Director Property and Assets to award the contract(s) to the bidder(s) submitting the most economically advantageous tender in terms of quality and price.
- 2.9 It is proposed the Agricultural Estate Management contract will commence from 1st April 2020. The end date of the initial term shall be 31 March 2025. The final possible end date, including all extensions shall be 31 March 2030. It is proposed the Valuations contract the Ratings contracts will commence from the 1st September 2020, the end date of the initial terms shall be the 31st August 2025 and the final possible end dates including all extensions shall be 31st August 2030.
- 2.10 In addition to West Sussex County Council, Contract 2: Asset Valuations, shall be available for use by the following Public Bodies should they wish to be included in the tender process: West Sussex based District and Borough Councils, as well as the South East 7 Group (SE7) authorities, Hampshire County Council, Kent County Council, Surrey County Council, Brighton & Hove City Council, Medway Council and East Sussex County Council. This option will enable increased alignment and resource management between public sector bodies.

## **FACTORS TAKEN INTO ACCOUNT**

### **3. Consultation**

- 3.1 WSCC Procurement Board approved the proposed sourcing strategy. WSCC Finance and Legal Services teams have also been consulted in the drafting of this report.

#### **4. Financial (revenue and capital) and Resource Implications**

4.1 By adopting a call-off or 'framework' agreement the County Council has no obligation to commission a specific volume of services and gives no undertakings in that respect. However, based on data from the current and most recent contracts, some costs may be expected to increase as a result of inflation across the service sector.

#### **4.2 Revenue consequences of proposal**

It is expected that any cost increase will be managed within the existing budget. The cost of any project specific work e.g. relating to acquisitions or disposals will be met from the appropriate project budget.

	Year 1 2019/20 £m	Year 2 2020/21 £m	Year 3 2021/22 £m	Year 4 2022/23 £m
Estates & Valuations Budget	0.150	0.150	0.150	0.150
Change from Proposal	0	0	0	0
Budget after Proposal	0.150	0.150	0.150	0.150

#### **4.3 Capital consequences of proposal**

None.

#### **5. Legal Implications**

The County Council will enter into a 5 year contract with the preferred supplier, the contract having the option to extend by a further 5 years.

The tender documents will clearly set out the specifications from the Asset and Estates team team and the County Council's expectations on the capacity and capability of potential applicants.

The contractor will be required to have appropriate levels of insurance and proof of financial standing, in accordance with West Sussex County Council Standing Orders on Procurement and Contracts. There is also a requirement to ensure compliance with the health and safety standards of the County Council.

#### **6. Risk Assessment Implications and Mitigations**

Risk	Mitigating Action
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1	Insufficient interest in the contract from suppliers – failure to procure a contractor	Use of existing frameworks with suppliers already procured to undertake this work.
2	Increase in revenue expenditure as a result of the procurement	Some increase expenditure is anticipated but the mini-competition approach will encourage suppliers to be competitive and it is expected that any cost increase will be managed within the existing budget.

## **7. Other Options Considered (and Reasons for not proposing)**

- 7.1 Contract 1: Agricultural Management Contract - The County Council has the option to do nothing and let the contract expire on the 31st March 2020, there is no option to extend this contract further. WSCC does not have the in-house resources with the necessary skills or knowledge of agriculture and farming methods to manage this estate and recruitment of such staff would prove very difficult. Without proper management of the estate there would be risk of loss of value of the estate, unmanaged breaches of tenancy and loss of rental income.
- 7.2 Contract 2 and 3: Valuations and Ratings - The County Council does not have the option of doing nothing as the valuation of the estate is a statutory duty. The County Council has the option to extend this contract further but the contract has been extended twice already and it is appropriate to carry out an exercise and re-procure at this time to give stability and assurance for the next five years. The service could be managed in-house but again this is not a viable option as the County Council does not employ any qualified valuers and recruitment to these positions is extremely difficult in a specialist market. The ratings appeal process is based on payment for successful appeals with savings outweighing any costs.

## **8. Equality and Human Rights Assessment**

- 8.1 The successful bidder will be required to adhere to the County Council's equalities duties.

## **9. Social Value and Sustainability Assessment**

- 9.1 The contract to manage the agricultural estate benefits the environment by ensuring the County Councils estate is managed in accordance within the terms of the tenancies and best practice where feasible.

## **10. Crime and Disorder Reduction Assessment**

- 10.1 Not applicable

### **Contact Officers:**

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