

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources	DATE 28.09.10
DIRECTOR	Gordon McIntosh	
TITLE OF REPORT	Property Services – Contract Extension and re-tender	
REPORT NUMBER:	EPI/10/242	

1. PURPOSE OF REPORT

This report updates the Committee on the current provision of valuation and other property services, advises on the proposed re-tendering exercise for these replacement of services and seeks an extension to the current contract to tie in with the Council asset valuation cycle and to meet the timescales for contract re-tendering.

2. RECOMMENDATION(S)

It is recommended that the Committee :-

- a) Approves the extension of the Property Valuation Services Contract with Ryden LLP from 1 December 2010 until 30 March 2011. The current contract allows an extension to November 2011 if required.
- b) Note the position with regard to the re-tendering of services. The post of Head of Service Resource Development and Delivery will now be undertaken by the Head of Asset Management and Operations.

3. FINANCIAL IMPLICATIONS

A budget is found for each valuation exercise currently instructed on an instruction by instruction basis, these being a mixture of capital and revenue costs from Asset Management and Service budgets.

The extension of the current contract to 30 March 2010 will align the contract with the most significant piece of work this being the five yearly (quinquennial) asset valuation exercise.

4. SERVICE & COMMUNITY IMPACT

The continued appointment of an external property consultant will enable the Asset Policy (non-housing) section to support other services in ensuring the efficient use of Property Assets.

5. OTHER IMPLICATIONS

Whilst a degree of work can be outsourced to the consultant, significant staff time is required to properly instruct, manage and monitor the consultants.

The use of external property consultants reduces the corporate risk to the Council when compared with advice from internal staff. This should be considered against the risks associated with internal staff having a lower level of market interaction and potentially, over a period of time, a weakened skill set when external consultants are used. These issues continue to be monitored and have been considered as part of the priority based budgeting exercise.

6. REPORT

On 12 November 2009 a report was presented to the Finance and Resources Committee entitled 'External Property Valuation Consultants – EPI/09/103'. The Committee resolved to:-

- (a) Approves the extension of the Property Valuation Services Contract with Ryden LLP for a 12 month period from 1 December 2009 to 30 November 2010.
- (b) Authorises the Head of Resources Development and Delivery to undertake tender exercises, in consultation with the Head of Procurement and the City Solicitor, for the appointment of one or more external consultants to provide various property services to the Council as detailed in this Report.

Since this report was approved there has been an ongoing restructuring of the Asset Management and Operations and alternative delivery options for a number of functions have been considered. Detailed discussions have also been advanced with the Council's Central Procurement Unit and other Local Authorities with regard to models for outsourcing property services.

The outcome of these deliberations is that it is now recommended that the most cost effective solutions to engaging new consultants would be via single tendering exercise rather than the 3seperate exercises (Rating, Asset Valuation and General Property Services) identified in the previous report. It is considered that a single tendering exercise conducted in 3 lots is the best course of action. One external contractor will be instructed to undertake the Rating Revaluation Appeals, one contractor will be appointed for the next 4 years Asset Valuation and a framework agreement will be put in place for up to 5 external contractors for general property advice.

The most significant revenue cost implication relates to the Quinquennial Asset Valuation. Procurement legislation states that the maximum period for a framework agreement is 4 years except in exceptional circumstances. In terms

of the current cycle 2010/11 represents the HRA account which is independent of the other cycles. As such if the Asset Valuation exercise was to be tendered for a 4 year period the most appropriate year to exclude in 2010/11. According the most obvious timescale to tender for this is for the financial year 2011/12 for a 4 year period.

Based on the above a revised procurement timetable has been discussed. This will be by way of a 2 step process involving and initial Pre-tender Questionnaire (PTQ) followed by and Invitation to tender (ITT). It is the intention of officers to issue the tender documents during September with final submissions in December, evaluation in January, allowing commencement in April 2010.

Consideration has also been given to utilising other property services Frameworks including the appointment of the District Valuer (Valuation Office Agency - VOA) and the Buying Solutions framework agreement. It is felt that the VOA does not offer the full range of services required and the fee agreements attached to Buying Solutions are deemed to be higher than current market rates, with limited local contractor participation. If required these other frameworks could be used on a case by case basis.

The appointment of Rating Advisors to appeal against the 2010 revaluation was previously discussed as being a joint instruction with Aberdeenshire Council. This along with other aspects of the Contract is still being considered by the 'Shire'. In the meantime Valuation Notices have been served on all properties which have seen significant rises in some asset categories. At this stage Council staff have submitted a block appeal on all Council occupied properties until such time as advisors are instructed.

In relation to the extension of current arrangements Ryden LLP were appointed from 1 December 2007 to 30 November 2009. The contract allows the Council to extend the contract for a maximum of two, 12-month periods i.e. for a total maximum period of 2 years and their first extension was from December 2009 to November 2010. It is proposed to extend now until 30 March 2011. Officers remain satisfied with the service delivered by Ryden, although it is necessary to re-tender future service provision in order to comply with the public contracts (Scotland) Regulations 2006 and in order to secure best value.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

None