

Decision No: CAB022 – 14/07/11

Forward Plan No: CAB23507

This record relates to Agenda Item 44 on the agenda for the Decision-Making

## RECORD OF CABINET KEY DECISION

<b>DECISION-MAKER:</b>	CABINET
<b>PORTFOLIO AREA:</b>	FINANCE & CENTRAL SERVICES
<b>SUBJECT:</b>	PROVISION OF THE COMMERCIAL PORTFOLIO'S ESTATE MANAGEMENT CONSULTANCY CONTRACT
<b>AUTHOR:</b>	ANGELA DYMOTT, RICHARD BUTLER, JESSICA HAMILTON

### THE DECISION

- (1) That Cabinet authorises:
  - (a) The retendering of the Estate Management consultancy service for the commercial Urban portfolio, for a 5 year period, with an option for up to a 2 year extension. The timetable and process, are set out in paragraph 3.13 and Appendix 2.
  - (b) The granting of delegated powers to the Strategic Director, Resources in consultation with the Cabinet Member for Finance and Central Services to, a) award the contract following the recommendations of the evaluation panel and the results of the tendering process and b) approve an extension of up to 2 years to the contract if required dependent on performance.
  - (c) That the tender specifications be reviewed to ensure a quality service monitored by specific performance indicators with a positive attitude to income generation.
- (2) That Cabinet ~~considers the options of continuing to outsource or~~ **agrees to** bringing in-house the estate management of the Downland Estate as set out in the body of the report, ~~and agrees on a way forward.~~
- (3) ~~That in the event that Cabinet decides on the outsourcing option for the estate management of the Downland Estate, Cabinet grants the corresponding authorisations as per 2.1 a), b) and c) above for the retendering of the Estate Management consultancy service for the Downland Estate.~~

**REASON FOR THE DECISION**

To review the service delivery options for the major part of the council's commercial (urban and agricultural) portfolio to enable Cabinet to take an informed decision on the future provision of these services. The management and delivery of this service through a mixed economy has benefits for the council in terms of customer service, expertise, skills, capacity, value for money and efficiencies. This in turn allows the in house team to monitor the process and provide strategic and other property advice including the more sensitive issues in connection with the commercial and the operational properties of the council. Furthermore this split of functions allows the council to take advantage of the other benefits identified in 3.8 whilst retaining professional expertise in house to provide property advice to all services within the council on land and property related issues. This is a constantly evolving area with fresh initiatives, such as the Localism Bill and the emerging Downland Strategy. The advantages and disadvantages of bringing the Downland estate management function in-house have been set out and need to be balanced against the council's policies and objectives.

**DETAILS OF ANY ALTERNATIVE OPTIONS**

**Return management of Urban portfolio to the Property Estates team.** This would bring the properties under direct internal control and reduce some of the communication and transactions that occur between the management company, the Estates team and Finance officers. However, it would lose all the key benefits of employing an external advisor identified above. In addition, as TUPE may apply it is not clear how many staff would transfer from Cluttons although the information we have indicates that at least 9 full time staff are employed in managing the portfolio including 2 based in New England House. From a comparison of the cost of the Cluttons contract and bringing 9.5(anticipated) staff in house it is apparent that in-sourcing this function would be more costly however a detailed analysis has not been done. The need for separation of the strategic and core management functions is important and cannot be overstated. Whilst both functions could take place in house we would have none of the benefits identified in 3.8 above accruing from outsourcing core management. In addition Finance staff within Cluttons' head office issue rent demands, collect the rent, arrears and provide other financial services which if passed to the council would create significant demands on the council's Finance team. Legal input on lease transactions and other Landlord & Tenant requirements would need in-house legal commitment that currently is not available.

**Return the management of the Agricultural properties to the Property Estates team.** This option is outlined in paragraphs 3.10-3.12 above.

**Outsource all of the Estates team work to an external management organisation.** In practice it is unlikely to be possible or desirable to outsource everything to the external consultancy company. It will remain necessary to retain an internal contact to liaise with the external organisations, ensure the strategic priorities of the council and City are met and monitor performance. It is vital to retain the strategic and property functions in house to maintain an overview and clear sense of direction for the property portfolio. In addition it is advantageous to retain sensitive and high value, low management, properties in house to retain close

control and reduce costs.

### **OTHER RELEVANT MATTERS CONCERNING THE DECISION**

The recommendations were amended to reflect the Cabinet's decision to bring the estate management of the Downland Estate in-house.

### **CONFLICTS OF INTEREST**

None.

### **CONFIRMED AS A TRUE RECORD:**

**We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision**

**Date:**

14 July 2011

**Decision Maker:**

Councillor Bill Randall  
Leader of the Council

**Signed:**



**Proper Officer:**

14 July 2011

Mark Wall, Head of Democratic Services

**Signed:**



### **SCRUTINY**

Note: This decision will come into force at the expiry of 5 working days from the date of the meeting at which the decision was taken subject to any requirement for earlier implementation of the decision.

*Or: This decision is urgent and not subject to call-in (date of CE's agreement to urgency of decision).*

#### **Call-In Period**

15-21 July 2011

**Date of Call-in** *(if applicable) (this suspends implementation)*

**Call-in Procedure completed** *(if applicable)*

**Call-in heard by** *(if applicable)*

**Results of Call-in** *(if applicable)*

