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JOINT PROCUREMENT OF RATING CONSULTANCY

ACES AWARD FOR
EXCELLENCE - 2007

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PETER LEGOOD has a BSc Honours Degree in Estate Management and is a Fellow of the Royal Institution of Chartered Surveyors. After starting work as a surveyor in private practice in 1972, Peter moved to local government in 1975 and has continued to work in this area for the last 32 years.

After spells at Portsmouth City Council and West Sussex County Council, Peter held posts as Head of Estates at East Hampshire District Council and then Havant Borough Council where he was promoted to Director of Public Services.

Peter took early retirement from Havant in 2003 but returned to full time work as a Senior Estates Surveyor at Chichester District Council where he is currently employed.

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INTRODUCTION

First of all I would like to thank my Head of Service, Paul Over, Head of Property Services. He and the other members of the group initiated this project before I joined Chichester. When I joined them he decided to pass the workload over to me, encouraged me to put in for the ACES Award for Excellence then, like a good manager, stood back and let me take the credit and the Award. I would also like to thank Andrew Case and Mark Pam who, in the spirit of teamwork, put this presentation package together for me.

The purpose of this paper is to set out in detail how we jointly procured rating services. Burdened, as we all are, by a massive workload we felt there was a need to engage consultants both because of workload and because of their specialist knowledge. We had all procured consultant services for our separate authorities on previous occasions and had organised tenders but we felt that by working as a group we could do it better.

The members of the group comprise:

- Arun
- Chichester
- East Hampshire
- Gosport
- Havant

- Portsmouth

The first five are district or borough councils. Portsmouth is a unitary authority.

It was quite beneficial to have a unitary authority as part of the group because from the response of some of the consultants that they saw a good bulk of work coming from the unitary and were keen to see Portsmouth included in the package.

JOINT APPOINTMENT

PROPERTIES

We had all appointed consultants for the 2000 List but had done so separately. We all felt the need to challenge the 2005 Rating Assessments and so we decided to work on a joint appointment. We were looking for a standard no win/no fee based contract.

The photographs overleaf show some examples of the type of high rating assessment property involved.

The two photographs in Figure 1 show the leisure centre at Chichester. The rating assessment is £278,000; rates paid per year £120,000.

The photograph in Figure 2 is of the council office in Chichester, rating assessment £387,000. The annual rates bill is £167,000.

There are many operational properties like this providing a big opportunity to save revenue costs by challenging rating assessments and looking for savings. As a property professional I am convinced it is better to commission an expert for this activity. This is despite advice from a rates collection colleague who naively, but genuinely, suggested that companies and local authorities should not employ rating consultants as the District Valuer will check the rating assessments without making a charge!

REASONS

Why did we opt for joint procurement? The CPA is pushing us towards new ways of doing things and encourages partnership working. It was through ACES and discussions at the South East Branch that we realised we had a common need to challenge the 2005 rating assessments. The group, from the outset, was convinced



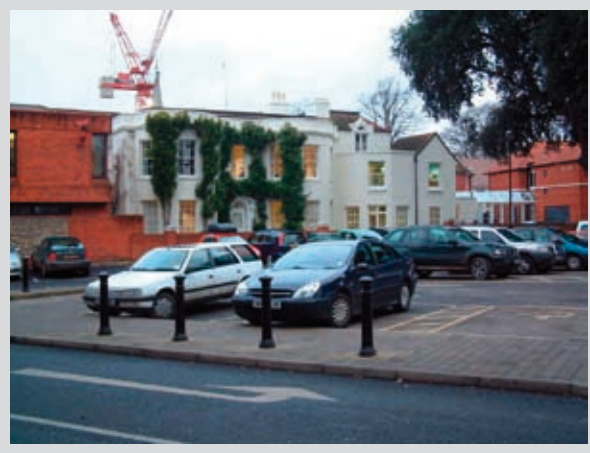
FIGURE 1

LEISURE CENTRE



FIGURE 2

COUNCIL OFFICES



that joint working would reduce the cost of organising the procurement and reduce the final fee. Fee offers previously paid taken as a percentage of the saving in the rateable value ranged from 7% to 35% for basically the same work.

PRELIMINARIES

The first stage was to reach agreement on how we would work together.

- Responsibilities, timescales, project management**
 Having agreed respective responsibilities another early task was to agree a timetable for the procurement process and for Group meetings as it was difficult to set up meetings at short notice. I have been generously referred to as the Project Manager. In reality I did a lot of the detailed work in the tender process but the whole group shared the workload and we went through the process on a joint but shared work basis.
- Best Practice**
 Common experiences in procurement were pooled and compared and other authorities were helpful in sharing tender and contract documents.
- Portfolio information**
 A joint clear schedule of all the properties was put together so interested consultants had clear accurate and absolute information to work on.

- Standing orders, financial and EU regulations**

Most financial regulations are designed to deal with building contracts but they also apply to commissioning consultants. It was also likely that European Union Procurement Regulations would catch a combined contract. Eventually we opted for individual contracts between each authority and the chosen consultant, and as the value of the contract was not certain the legal advice we received was that we were not caught by those procurement regulations.

ADVERTISING AND INVITATION TO TENDER

The next step was to agree the form and cost of the advertisement, and how this was to be shared, followed by the placing of this in the Estates Gazette. This resulted in 19 expressions of interest. These were reduced down to a long list of 12 by examination against the following criteria.

- Existing rating consultants with proven track record;
- Local authority experience;
- Experienced specialist rating staff;
- Resource capabilities;
- PI insurance cover.

SHORTLISTING

We now began to look at each consultancy in detail and assessed the following areas.

- Accounts
- Local authority experience (as distinct from just dealing with rating work generally)
- Staff experience
- References (both written references and by telephoning the authorities they had worked for)

FIGURE 3

		Company				
Category	Score (max)					
Financial strength	15					
LA experience	17					
Exp of individuals	17					
Reference	24					
Resources	17					
Quality of submission	10					
Total	100					

- Resources
- Quality of submission

The assessment of each area was weighted and we put together the matrix shown in Figure 3. From this we picked the six best firms who we were satisfied provided the required quality. These were then invited to submit price tenders.

THE CONTRACT

The contract was drafted whilst work proceeded on the tender process, as the final form of the contract was needed when we went out for the price tenders. All members of the group had examples of previously used contracts. Some had been supplied by contractors, some drawn up by the councils, but none of them was particularly strong. Eventually a contract drawn up between another authority and their rating contractor was used although we updated it, added our own comments and then consulted our own lawyers. We then selected a lawyer from one authority to finalise the contract that all had agreed to use.

STANDING ORDERS

I touched on financial regulations and standing orders earlier. All authorities are governed by standing orders. Some are wider than others but be aware that the need to waive standing orders could arise at some point in the process. Sometimes this can be at the discretion of a chief officer; sometimes it needs a report to members. All members of the Group had this in mind, just in case. As it turned out we were lucky and did not need any member reports. One authority did have a requirement that tenders had to be received at their premises. As this applied to only one of the Group we were simply able to arrange for the joint tenders to go to that authority.

THE SELECTION

The six price tenders were received and Wilks, Head & Eve (WH&E) were selected. The fee agreed produced a saving for all members of the group, even those of us that had what we thought previously was a pretty good fee rate of 7%. As already mentioned the tender process was designed to lead to a common form of contract and each member of the group has entered into an individual contract with the consultant.

LESSONS LEARNED

These are some of the lessons learned from the process.

- **Standing orders**
Be aware of them and any differences between the partners; plan a process for “waiver” if necessary.
- **EU Procurement**
Always consider whether the project comes within EU Procurement Regulations. This is more likely if there is a single contract for a number of authorities.
- **Contract drafting**
It is essential that one authority leads on the drafting of the contract. Consultants might become concerned if each authority wants to vary the contract before the signing process. Ensure that the lawyers of each authority contribute comments on the form of the contract before it is finalised on the understanding that each authority will take on the final draft.
- **Project Management**
Again choose a lead authority. Chichester led but I did not do all the work. All partners played a part. I dealt with the tender arrangements. Another authority drew

up the matrix to analyse the assessments. Everyone took a share in taking references. Another partner took minutes, another arranged the advertisement, and another dealt with the contract and again another authority dealt with receipt of tenders.

- **Clear focus**

With busy people it is important to set a timetable at the beginning, fix meetings and be clear on what everyone is trying to achieve.

- **Further partnering opportunities**

This project has given all of us the experience of working jointly; a great help for other potential projects.

- **Effects of transitional relief**

Be aware that if you are receiving transitional relief when you achieve an assessment reduction the first thing that happens is that the transitional relief is taken off the reduction, i.e. you do not necessarily receive any money back or an immediate reduction in payments.

Goodman Nash, who check the rates payments, as distinct from checking the rating assessments. For example, transitional relief complicates payments, there could be voids when properties are empty. Goodman Nash will check whether assessments have been correctly calculated and whether a credit is payable .

Unfortunately there are no actual savings to report at this time. The consultants have submitted blanket appeals and the process is now dependent on the availability of the District Valuer and as yet no negotiations have yet taken place and hence no reductions. We have to be patient.

Finally could I again thank ACES for making it so much easier to put the Group together and for giving the ACES Award of Excellence for the work we have done. I hope there may be opportunities for others to take the route to joint procurement.

OUTCOMES

There are a number of beneficial outcomes here. After working through this process we have all got a better contract than before, we have appointed a national expert and have reduced the fee level. Reducing the fee level has reduced our

costs. We have reduced the time involved in the tendering and procurement process.

We have shared the work involved and gained experience of working together and we are now looking for other areas where the team could work together again. The employment of Wilks, Head & Eve has brought other opportunities.

WH&E is now working in partnership with a company,



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