

LONDON BOROUGH OF SUTTON

RESOURCES DIRECTORATE

ASSET PLANNING, MANAGEMENT AND CAPITAL DELIVERY

FORM OF AUTHORITY IN RELATION TO AWARD OF CONTRACT

CONFIDENTIAL

1. Purpose

- 1.1 To authorise the award of contract for rating services in respect of the Council's operational property.

2. Background

- 2.1 A tender was issued for provision of rating valuation through the Crown Commercial Services framework contract for estates Professional Services, reference RM3816. This was sought in order to secure cost-effective scrutiny of the Council's rating liabilities.
- 2.2 Tenders were issues on 5 March 2018 and returned on 19 March. Analysis was carried out by the Head of asset Management and the Valuation and Estates Manager. Criteria for award of contract were set out in the tender document with a price:quality ratio of 50:50.

3. Results

- 3.1 Three tenders were received by the closing date, from the following companies;
- Lambert Smith Hampton (LSH)
 - Montagu Evans (ME)
 - Sanderson Weatherall (SW)
- 3.2 All three are major surveying practices with significant expertise in rating and therefore met the initial pass/fail criteria. The eventual scoring matrix was as follows;

	LSH	ME	SW
Quality /50	44	33	38
Price /50	50	11.2	48.4
Total /100	94	44.2	86.4

- 3.3 Price evaluation was based on responses which for ME and SW were confirmed as following contract rates. LSH offered a success-related fee only for the principal piece of work.
- 3.4 As well as a success-related fee, each bidder proposed a fixed sum. For ME and SW this was payable in addition to the success-related fee. For LSH the addition was an optional sum for additional services covering related matters such as split assessments, mergers and annual reporting over a three year period. This cost for LSH would be optional however it was factored into the analysis of financial proposals.
- 3.5 The success-related fee was calculated by reference to the actual costs which would be incurred assuming a 10% across the board reduction in RV. This is in excess of the average 4% secured in the 2010 Rating List appeals exercise but it is considered that some of the larger assessments for car parks and offices have gone up significantly and there should be scope for reductions.

	LSH	ME	SW
Success-related fee	£30,681	£58,451	£25,488
Fixed costs	£4,740 (£1,580 pa x 3 years) *Optional	£4,400 *Mandatory	£11,100 *Mandatory
Total	£35,421	£62,881	£36,548

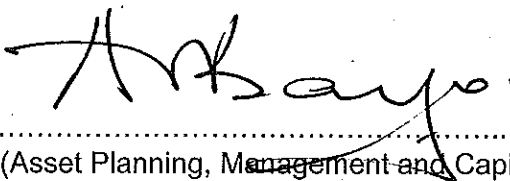
4. Financial implications

- 4.1 The total success-related fee with LSH will be in the region of £30K assuming results consistent with our performance assumption. This would mean a cumulative reduction in RV of around £450K and in rates payable of circa £220K (before transitional relief) and thus value for money would be achieved.
- 4.2 The additional fixed costs proposed by LSH for optional services are considered to represent around 43 hours of work per annum based on the fixed costs of employing a Grade 9 senior surveyor, and with 78 assessments currently to represent £20 per assessment per annum. As the costs are relatively low and have been factored into the financial analysis with LSH still leading the price scoring, this is considered to be worthwhile as the annual cost would be covered by a 0.3% further saving in RV.
- 4.3 Costs of consultancy will need to be reserved from the budget for payment of rates.

5. Recommendation

5.1 As LSH scored highest in both the quality and price evaluations it is felt to be a straightforward decision to award the contract to them. The Council has also worked with LSH previously on a variety of matters and has a good relationship with many of its senior team.

5.2 It is recommended to award the contract to Lambert Smith Hampton.

Approved/ Not approved
Signature 
Date <u>9/4/18</u>
Assistant Director (Asset Planning, Management and Capital Delivery)

6. Background papers

6.1 None

7. Appendices

7.1 None

8. Contact Officers

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