

**NOTICE OF DELEGATION OF DECISION TO CABINET MEMBER BY STRONG LEADER**

Section 15(4) of the Local Government Act 2000, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1<sup>st</sup> December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

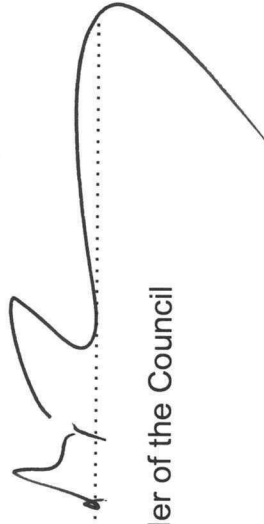
I, Cllr Marcus Hart, as Strong Leader, delegate the decision, procurement of investment advice for asset purchase and sale and asset portfolio management

Cabinet Member for Resources

Dated:

13<sup>th</sup> November 2018

Signed:

  
.....

Leader of the Council

**NOTICE OF DECISION OF CABINET MEMBER**

Pursuant Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1<sup>st</sup> December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

In accordance with the authority delegated to me by the Leader, I have made the following decision:

| Subject  | Decision   | Reason for decision  | Date for Decision to be taken |
|--|--|--|-------------------------------|
| Investment Advice procurement & evaluation model | <b>To agree to the procurement of external advice to support the Council's investment decision making in respect of the Capital Portfolio Fund and the evaluation model.</b> | The Council requires this external advice in lieu of an internal officer appointment to replace the vacant Property & Investment Manager post. | 14/11/18                      |

**I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.**

Dated: 13/11/18 .....

Signed:  .....

Councillor: Nathan Desmond –Cabinet Member for Resources

**WYRE FOREST DISTRICT COUNCIL**  
**STRONG LEADER CABINET REPORT**  
**8<sup>th</sup> November 2018**

**CONTRACT FOR ASSET PURCHASE AND SALE INVESTMENT ADVICE AND  
ASSET PORTFOLIO MANAGEMENT SERVICE FOR NORTH  
WORCESTERSHIRE DISTRICT COUNCILS (REDDITCH, BROMSGROVE &  
WYRE FOREST)**

| <i>OPEN</i>             |   |
|-------------------------|---|
| <b>CABINET MEMBER:</b>  | Councillor N J Desmond  |
| <b>DIRECTOR:</b>        | Corporate Director: Economic Prosperity & Place   |
| <b>CONTACT OFFICER:</b> | Mike Parker Ext. 2500<br><a href="mailto:mike.parker@wyreforestdc.gov.uk">mike.parker@wyreforestdc.gov.uk</a> |
| <b>APPENDIX</b>         | Evaluation Model  |

## 1. PURPOSE

This report seeks approval for the Corporate Director - Economic Prosperity and Place in consultation with the Corporate Director – Resources and Cabinet Member for Resources, to appoint a supplier for the provision of property investment advice and asset portfolio management in connection with the Council's Capital Portfolio Fund acquisitions. With the Agreement of Redditch and Bromsgrove, this appointment will be on behalf of all three authorities as Redditch and Bromsgrove also have similar investment portfolios and aspirations.

The report also seeks Cabinet approval for the tender evaluation model proposed.

## 2. RECOMMENDATION

### **That the Leader:**

- 2.1 Delegates the approval of the evaluation model contained in the Appendix to the report to the Cabinet Member for Resources; and
- 2.2 Grants delegated authority to the Corporate Director - Economic Prosperity and Place in consultation with the Corporate Director – Resources and the Cabinet Member for Resources to award the contract for the provision of property investment advice and portfolio asset management in accordance with the evaluation model.

### 3. BACKGROUND

Upon the vacancy of the previously appointed post of Property and Investment Manager earlier this year and with the benefit of better understanding the Council's needs in terms of delivering the Capital Portfolio Strategy and in the light of the Government's Statutory Guidance on Local Authority Investments (Feb 2018) it has been decided that a more robust service can be procured externally than by attempting to fill the vacant post.

Redditch and Bromsgrove Councils also have similar investment strategies and have each established a budget of £20m. It has been agreed that it is preferred that a single service be procured for collective advice as a combined portfolio of £65m across the three authorities should drive economies of scale and offer the three partners better value for money than if they acted individually.

### 4. PROCUREMENT

Procurement will follow the Open Procedure and be advertised in Contract Finder and OJEU..

Tenders will be evaluated as per the criteria in the table below.

|   | <b>Criteria</b>   | <b>%Value</b> |
|---|-------------------|---------------|
| A | <b>Quality</b>    | <b>35.00%</b> |
| B | <b>References</b> | <b>30.00%</b> |
| C | <b>Price</b>      | <b>35.00%</b> |

The Council will evaluate the Tenders using a detailed process as attached in Appendix 1 and using the scoring as shown in Table 1 below.

**Table 1**

| <b>Performance</b>                  | <b>Judgement</b> | <b>Score</b> |
|-------------------------------------|------------------|--------------|
| Exceeds all expectations            | Exceptional      | 10           |
| Exceeds almost all expectations     | Outstanding      | 9            |
| Exceeds most expectations           | Very good        | 8            |
| Above Expectations                  | Good             | 7            |
| Slightly exceeds expectations       | Fair             | 6            |
| Meets expectations                  | Average          | 5            |
| Satisfactory but below expectations | Below average    | 4            |
| Below expectations                  | Poor             | 3            |
| Well below expectations             | Weak             | 2            |
| Almost Unacceptable                 | Very Weak        | 1            |
| Unacceptable                        |                  | 0            |

## **5. FINANCIAL IMPLICATIONS**

It is felt that by working together with Redditch and Bromsgrove Councils it will be possible to achieve better financial outcomes and benefit from economies of scale than if the three individually attempted to procure this advice.

## **6. LEGAL AND POLICY IMPLICATIONS**

The Contract Procedure Rules require Cabinet approval to enter into contracts where the estimated value of the contract exceeds £160,000.

The procurement exercise will be compliant with the requirements of the Public Contracts Regulations 2015 and the Contract Procedure Rules.

The successful supplier will be required to enter into a formal contract as approved by the Solicitor to the Council. It is proposed to offer any contract on a 12 month plus 12 month extension basis which would allow the parties to terminate the arrangements at the end of 12 months if it is not proving to be successful.

## **7. CONCLUSION**

Due to the value of the contract authorisation is required for the proposed evaluation model that will be used to assess the tenders. This model has been provided in **Appendix 1** of this report.

The successful supplier appointment will enable the three partner Councils to obtain robust professional advice on investments and managing the developing portfolio of investments.

## **8. RISK MANAGEMENT**

It is envisaged that a new contract will generate savings that would not be feasible for each individual partner.

The ability to provide a reliable, professional advice service will ensure that the Councils invest their portfolios in a manner which meets their adopted strategies as well as Government guidance and will ensure that the portfolios are robust in terms of risk and spread.

## **9. EQUALITY IMPACT NEEDS ASSESSMENT**

There is no requirement for an Equality Impact Needs Assessment.

## **10. CONSULTEES**

Tracey Southall - Corporate Director Resources  
Sally Tallon - Legal Services  
Redditch and Bromsgrove Councils

## **APPENDIX 1**

### **PRICE**

Price has been awarded a weighting of 35% and evaluation will be based on the average cost of advice for four hypothetical scenarios.

| Scenarios   | Year 1 |        |        |        | Year 2 |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
|   | 1      | 2      | 3      | 4      | 1      | 2      | 3      | 4      |
|   | £000   | £000   | £000   | £000   | £000   | £000   | £000   | £000   |
| Average value of property purchased   | 3,000  | 3,000  | 3,000  | 2,000  | 3,000  | 3,000  | 3,000  | 2,000  |
| Introducing new investment opportunities (leading to completion only)                     | 2      | 5      | 6      | 8      | 2      | 4      | 3      | 2      |
| Advising on investment opportunity introduced by third party (leading to completion only) | 3      | 4      | 7      | 15     | 3      | 3      | 2      | 2      |
|   | 5      | 9      | 13     | 23     | 5      | 7      | 5      | 4      |
| Portfolio size at quarter dates   |        |        |        |        |        |        |        |        |
| Q1  | 3,000  | 5,400  | 7,800  | 9,200  | 18,000 | 31,200 | 42,000 | 47,600 |
| Q2  | 6,000  | 10,800 | 15,600 | 18,400 | 21,000 | 35,400 | 45,000 | 49,200 |
| Q3  | 10,500 | 18,900 | 27,300 | 32,200 | 25,500 | 41,700 | 49,500 | 51,600 |
| Q4  | 15,000 | 27,000 | 39,000 | 46,000 | 30,000 | 48,000 | 54,000 | 54,000 |
|   |        |        |        |        |        |        |        |        |
|   |        |        |        |        |        |        |        |        |
| Total Annual Investment (£000)  | 15,000 | 27,000 | 39,000 | 46,000 | 15,000 | 21,000 | 15,000 | 8,000  |

Providers are asked to complete the input cells in the Price Evaluation model. The spreadsheet will calculate the price by averaging the totals for each of the provided scenarios.

### **QUALITY**

#### **Approach & Methodology**

Approach & Methodology has been assigned a weighting of 35%. The Provider **MUST** complete in full the following questions describing how they will approach the service requirements. The Council will use the evaluation matrix in Appendix 6 to score the answers (using the scoring table in paragraph 4.3 and applying the weightings given to each question).

1. Please provide details of individuals who will be key decision makers for this service including their CVs and your organisational structure. Please also describe any other relevant responsibilities undertaken by the team members.
2. How do you propose to retain key staff and ensure succession management during the contract term? (*maximum 1 page A4*)
3. Explain the arrangements in place to ensure new clients do not compromise the interests of existing clients; please include specific reference to your procedure for dealing with conflicts of interest for

purchasing the same property for another client or selling a property to an existing client? (*Maximum 1 page A4*). (weighting x2)

4. Explain your methodology for the provision of initial and future advice for presentations to the Councils' Corporate Officers and Cabinet/Executive Members including your investment style and the extent to which you factor sustainability and environmental issues into your investment process. (*Maximum 2 page A4*)
5. Explain your approach to building a balanced portfolio of investment acquisitions for each of the Councils, including your approach to sourcing new acquisitions. (*Maximum 2 pages A4*) (weighting x2)
6. Explain your proposed approach to actively managing the Councils' asset portfolio to maximise both its capital and revenue value. (*Maximum 2 page A4*) (weighting x2)
7. What key performance indicators would you propose to demonstrate the performance of the asset portfolio? (*Maximum 1 page A4*)
8. What policies and procedures would you have in place to ensure that the investment and asset management strategy is working? How would you ensure that the provision of investment asset management is aligned with the Councils' property management services? (*Maximum 1 page A4*) (weighting x2)
9. Demonstrate how you would communicate key market developments and industry changes to the Councils in general and specifically regarding their investment portfolio. Does your organisation provide primary research on property investment? If so, please provide a list and examples (*Maximum 2 page A4*)
10. Detail your procedure and reporting process for acquiring and disposing of assets including carrying out the necessary due diligence to the point of legal completion. (*Maximum 2 page A4*)
11. How will your experience of working with public sector clients in relation to property investment portfolios be brought to bear on this contract? (*Maximum 1 page A4*)
12. Please describe the policy to be put in place for this contract for business continuity and include:
  - Measures in place for continual service delivery subject to unforeseen circumstances
  - Minimise risk to service delivery due to loss of key personnel (*Maximum 2 page A4*) (weighting x2)
13. How will you ensure that the Authority has appropriate data to meet its prudential indicator requirements? (*Maximum 1 page A4*)

## **Previous and Relevant Experience & References**

Previous and relevant experience and references has been assigned a weighting of 30%. Providers shall submit at least two (2) examples of similar recent (within 12 months) relevant experience.

The Council will refer to the following when evaluating submissions under this heading (weighting each equally):

- I. Investment knowledge & experience;
- II. Asset portfolio management experience;
- III. Experience of working with local authorities or other public sector bodies ;
- IV. Strong organisation skills and ability to work to tight deadlines;
- V. An understanding of working with local government;
- VI. Experience of monitoring potential conflicts of interest between clients that may arise
- VII.

The Provider's response must not exceed 1500 words for this criterion.

Providers **MUST** provide details of two suitable referees for whom the two similar aforementioned examples have been completed by the Provider. Details must include a postal and email address and telephone number. The Council may take up references and information received may be used to assist with scoring and verifying and validating the information contained within the Provider's submission.

|   | <b>Contract 1</b> | <b>Contract 2</b> |
|---|-------------------|-------------------|
| Name of customer organisation   |                   |                   |
| Point of contact in customer organisation<br>E-mail address<br>Postal Address |                   |                   |
| Contract Start Date<br>Contract completion date<br>Estimated Contract value   |                   |                   |