

Estate Management RFI: January-February 2025 Summary

Background

Essex County Council's (the Council) current Estate Management Contract ends on the 30th of September 2026. The Council has started on our journey of discovery, regarding how the Estate Management provision could evolve and innovate beyond this date and would like to engage with the Estate Management Industry as part of this approach.

The Council have engaged with the market through an RFI. A PIN notice was published and the RFI was available on the Essex Provider Hub and the Councils e-sourcing Portal Pro Contract Project DN760459.

The RFI was aimed at providers who can provide a large range of Estate Management services, covering the Council's core, call off and property projects scope and who have experience delivering these services on contracts similar to the size and breadth of Essex County Council's across a diverse range of property types and tenures.

Question 1

Question: Please provide a description of your companies' previous experience working on Estate Management contracts comparable to the size and breadth of ECC's contract.

- **Some actors in the market have significant experience in managing contracts comparable to the spend of ECC's**
- **Some actors in the market have significant experience managing contracts comparable to the breadth of ECC's**
- **The market has experience in working with clients similar to ECC with a diverse range of Property types and tenures**

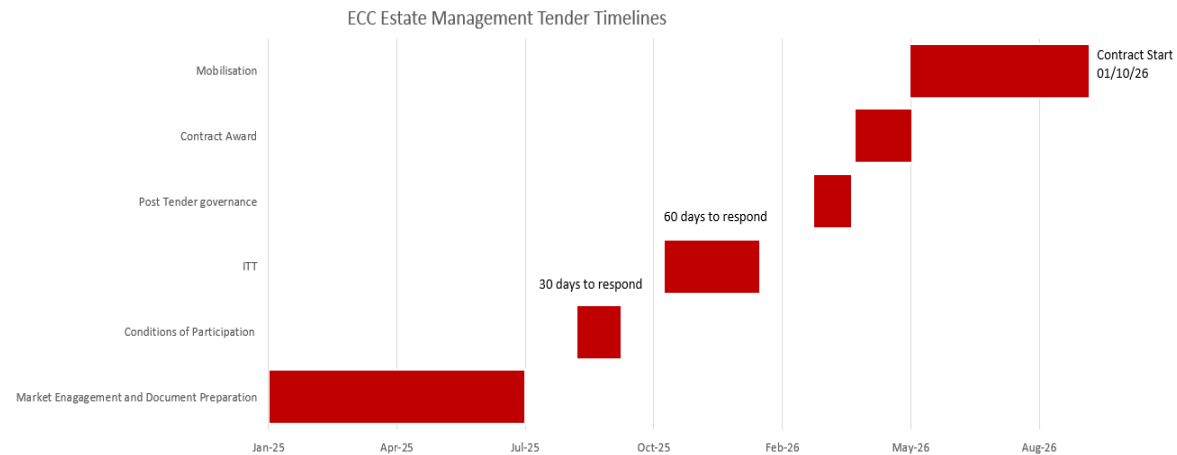
Question 2

Question: Please outline the types of contracts that would be most suited to Estate Management and whether an ECC bespoke contract could be suitable.

- **NEC contracts are not optimised for Estate Management, requiring a significant number of Z clauses to be drafted**
- **Bespoke contracts are suitable and offer flexibility and partnership, but need to be drafted carefully to ensure they are robust and minimise ambiguity**
- **A hybrid approach of a bespoke contract aligned with RICS Estate Management guidance could offer the necessary robustness and minimise ambiguity, whilst promoting flexibility and partnership**
- **Frameworks are also commonly used in the market for Estate Management contracts with a large number of frameworks available**

Question 3

Question: Please outline your thoughts on the tender timelines in the Gantt chart, whether you think we have allowed a suitable amount of time for each stage of the process and please highlight any risks or issues you foresee with these current tender timelines.



- The Tender timelines are in line with market expectations for a Tender of this size
- The market does not foresee any challenges with meeting the ECC deadlines at this stage
- A mobilisation period of 3 months is sufficient for this type of contract
- Site Visits during the ITT stage could be beneficial for providers

Question 4

In the context of LGR, ECC requested an appraisal of the risk, opportunities and potential mitigations of the 2 options currently being considered and which was the preferred option:

- 1) An initial term of 5 years with extension period of 5 additional years; each unitary council would have the possibility to use the extension option. At the point LGR occurs, the contract will either novate to each unitary authority or novate to one singular unitary authority to manage services on behalf of the other authorities.
 - 2) A short-term contract of 17 months terminating as the new UA's take over responsibilities.
- **Option 1 was preferred, and Option 2 was not seen as a viable option by the market as the duration was too short to amortise the mobilisation costs and deliver investment to ECC.**

Option 1 was preferred because:

- The contract duration provides long term stability, the 5-year initial term is in line with market expectation for a contract of this size
- The further 5-year extension gives greater flexibility around LGR
- The duration gives opportunity for investment within Essex and the opportunity for longer term strategy and partnership building

The risks of option 1 are:

- Potential inflexibility of the contract to meet the strategies of the new Unitary Authorities post LGR
- Complexities associated with novation to the new Unitary Authorities

Mitigations identified were:

- A robust change management process
- Clear and detailed novation clauses
- Early and continuous dialogue with the new UA's on areas such as systems and strategy

Question 5

Question: Please provide your companies view on how ECC can best create incentivisation within the contract to deliver above and beyond on the contract, and drive continuous improvement, innovation, and savings for ECC? Please provide examples of where this has worked effectively.

- **The market demonstrated that gainshare models and financial incentivisation models have been utilised successfully on several other Estate Management contracts to effectively incentivise good performance and continuous improvement**
- **Incentivised fee models for over delivery on KPI's are an effective way to drive continued good contract performance**
- **Incentive models on acquisitions and disposals are an effective incentive for achieving savings on acquisitions and higher prices on disposals**
- **Financial incentives on areas such Sustainability and Estate Rationalisation are becoming more common, such as gainshare models on the savings from Estate Rationalisation**

Question 6

Question: Please explain which indices would be most suitable to apply on the Core part of the Estate Management contract and how ECC can best ensure hourly rates remain in line with market rates.

- **On the core part of the contract, CPI and RPI are the market standard indices for annual uplifts**
- **RPI is due to be retired in 2030 and CPIH is expected to become the market standard so if RPI was selected by ECC a mechanism could be put in place to start with RPI and transition to CPIH in 2030**
- **On the variable part of the contract, the key is benchmarking to ensure the hourly rates remain in line with market rates**
 - These could be benchmarked against an agreed set of framework rates, annual salary surveys or appropriate industry index
 - A review could be included as part of the extension to ensure the agreed method of benchmarking is still suitable

Question 7

Question: Please outline your familiarity with the National TOMs. In addition, please outline how in your companies view, an Estate Management Provider could help ECC achieve its broader climate ambitions.

Social Value

- **The market is very familiar with the National TOMS and has experience working with adapted versions such as the ECC TOMS**
- **There is significant scope within Estate Management contracts to deliver social value through areas such as apprenticeship programmes or supporting local SME's.**

Climate

- **Providers in the Estate Management market could support ECC in its wider climate ambitions in several ways including:**
 - Carbon reduction strategies
 - Supporting the enhancement of Biodiversity
 - Net Zero planning
 - Circular economy and waste reduction
 - Sustainable travel

Question 8

Question: Please explain your companies preferred arrangements for helpdesk provision for an Estates Management service?

- **Providers in the market offer a range of different solutions to Estates Management helpdesk provision**
- **Although there can be benefits to an integrated helpdesk, the market preference is for a separate Estate Management helpdesk**
- **Some actors in the market can provide real time tracking for issues raised through the helpdesk**
- **Clearly defined SLAs are key to ensuring a successful helpdesk service**