

**Provision of Residential Sales Agent Service for the sale of new residential property at The Makers
(formerly known as the Nile Street development)**

CONTRACT APPROVAL

Key Decision No FCR R25

**CPC MEETING DATE
(2020/21)**

7th December 2020

CLASSIFICATION:

Open with Exempt appendices

By Virtue of Paragraph (s) 3, Part 1 of Schedule 12A of the Local Government Act 1972, Appendices A, B & C are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

Hoxton West Ward

CABINET MEMBER

Councillor Rebecca Rennison
Deputy Mayor and Cabinet Member for Finance, Housing Need, and Supply

KEY DECISION

Yes

REASON

Spend/Saving

GROUP DIRECTOR

Group Director - Finance & Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1. The Cabinet Resolutions of 21st July 2014 (Key Decision FR J47) approved the Council's plans for the funding to build school expansions, new-build schools and the mixed use developments at Nile Street and Tiger Way.
- 1.2. A key success factor in these developments for the Council is to maximise its capital receipts from the sale of the private residential element of the developments (to help meet the cost of building the new schools) and to utilise 'help to buy' schemes for local residents to buy property. To ensure this success, the services of professional property agents are needed to achieve the highest sales values.
- 1.3. A procurement process was undertaken by the Council in 2016 to procure a Sales Agent to manage and coordinate the sales of residential units. Cushman and Wakefield were selected as offering the Council best value for money for the services and following approval on 13 December 2016 by Cabinet Procurement Committee (ref FCR N3 Sales Agent Services for Nile Street and Tiger Way), Cushman and Wakefield were awarded the Sales Agent contract. This has resulted in the oTTo development (Tiger Way) being fully sold within a year of completion; however there remains a number of units unsold at the Makers development (Nile Street).
- 1.4. In June of 2020, Cushman and Wakefield's board of directors made a corporate business decision that they will no longer operate in the UK/Global marketplace for residential sales, giving the Council notice to terminate their contract.
- 1.5. The Council needs to urgently re-procure the services of a Sales Agent for the remaining units left at the Makers development to ensure the sales revenue is returned to the Council as soon as possible.
- 1.6. The Council has followed a compliant route to market, procuring via a mini-competition under Homes England Property Professional Framework from a panel of industry-leading property professionals.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. As part of the wider Funding and Investment Strategy (FR J47) for the Schools Estate, the Cabinet approved the strategic mixed-use developments at Nile Street and Tiger Way to provide high quality education facilities funded by the sale of co-located residential property (Residential Units) to private purchasers. Construction at both developments is now complete, with the schools and residents occupying the buildings.
- 2.2. The Council employed the services of a residential sales agency to market and sell the co-located Residential Units. The Council is the developer in relation to the Nile Street and Tiger Way schemes and as such maintains control of the sales and marketing strategy in relation to the leases of the

Residential Units. The Sales Agent acts within the parameters of the sales and marketing strategy set by the Council.

- 2.3. Since the procurement and award of the Sales Agent contract in 2016 to Cushman and Wakefield, they have successfully sold units at both the Otto and The Makers mixed-use developments (formally known as the Tiger Way and Nile Street developments). As of 25 October 2020, of the total 264 units across both sites, 96 units remain unreserved at The Makers. At the Otto development, all of the Residential Units are either reserved or sold, with four completions still to take place and should all be completed prior to 31st December 2020.
- 2.4. In June of 2020, Cushman and Wakefield's board of directors made a corporate business decision that they will no longer operate in the UK/Global marketplace for residential sales. In accordance with their contractual obligations they have given the Council notice to terminate their services effective from 30th September 2020. Following negotiations, Cushman and Wakefield agreed to extend their UK sales services at The Makers until 31st December 2020 with international sales being provided by Jones Lang LaSalle Limited as their sub-agent, so that there can be a handover to a new incoming Sales Agent and the Council are not left with a gap in the sales service provision.
- 2.5. This report sets out the contract award recommendation for the incoming /replacement Sales Agent following a re-procurement exercise. It is imperative for the Council that the remaining private sale and Help-to-Buy Residential Units continue to be marketed and sold in line with the Council's agreed approach to maximising capital receipts from sales, as defined in the approved Sales and Marketing Strategy. The potential sales revenue from the remaining unreserved units at The Makers is estimated on the sales base price to be between approximately £105million and £110million.

3. RECOMMENDATION(S)

Cabinet Procurement Committee is recommended to:

Approve the award of contract for the provision of residential sales agency services to Service Provider A for the unreserved residential property at The Makers (formerly known as the Nile Street development).

4. RELATED DECISIONS

- 4.1. Cabinet Resolution of 21 July 2014 (Key Decision FR J47): Cabinet resolved under Item 13.1.2 to approve the strategic developments at Nile Street and Tiger Way and to authorise the Corporate Director of Finance and Resources to set up such governance arrangements that are necessary for the developments.

- 4.2. As part of delivery and marketing arrangements for the residential element of these mixed-use schemes, residential development and branding consultants Londonewcastle Capital Limited were appointed by Hackney Schools for the Future 2 Limited (HSF2L) with a 'head' contract between HSF2L and the Council. Cabinet authorised on 12 April 2016 the signing and sealing of the Development and Branding Agreement with HSF2L.
- 4.3. Cushman and Wakefield (CW) were awarded the Sales Agent contract for the Nile Street and Tiger Way developments on 13th December 2016 by Cabinet Procurement Committee (CPC), ref: FCR N3 Sales Agent Services.
- 4.4. On 19 April 2017 CPC resolved that:
- The Group Director of Finance & Corporate Resources be given the delegated authority to approve all legal and financial requirements necessary to set up a Management Company with limited liability for each of the Nile Street and Tiger Way developments with the responsibility of managing the maintenance and operation of the buildings on these developments together with any governance arrangements required for the developments; to ensure they are kept in good condition to the satisfaction of the occupants to manage the billing and collection of various charges to be paid by the occupants of the buildings and discharge all statutory landlord obligations as required.
 - The Group Director of Finance & Corporate Resources and the Director of Legal Services be given the delegated authority to approve all legal and financial requirements necessary to ensure that the Council retains the freehold interest of the land and to grant a 999-year head lease to the respective Management Company for each development and for the Management Company in turn to grant 999-year sub-leases of the Residential Units.
- 4.5. On 11 August 2020 the Hackney Procurement Board considered the Business Case and approved:
- the re-procurement for the provision of a residential estate agency service for the sale of new Residential Units at The Makers using a compliant framework as a route to market.
 - the proposed route to market being a mini-competition under the Homes England - Framework Agreement - Property Professional Services Framework 2018-2022.

5. REASONS FOR DECISION/OPTIONS APPRAISAL.

- 5.1 The requirement for the decision to award a contract for sales agency services was triggered by a change of national corporate strategy by the incumbent agent (Cushman and Wakefield). The unexpected termination of the current sales agency contract requires the Council to procure a replacement Sales Agent in the shortest possible time so that service continuity can be maintained.

- 5.2 It is imperative that sales of the remaining Residential Units progress in order to recover the capital investment in the development and reduce the operating costs to the Council for any vacant Residential Units (Void Costs).
- 5.3 The Service Provider's fees will be calculated as a proportion of the agreed sales price for a Residential Unit, therefore the contract value for the sale of the remaining units is subject to market conditions and is therefore an approximation. However, it is anticipated that the contract value will be in the region of £1,800,000 and £2,500,000 in fees.
- 5.4 The value of the remaining fees is forecast to exceed the Public Contracts Regulations 2015 (PCR) threshold for Services, and in accordance with legal opinion from Bevan Brittan, a new PCR-compliant re-procurement was determined to be necessary.
- 5.5 The approved Business Case set out the case for:
- The continued use of a Sales Agent to sell the remaining high value properties at The Makers development in a difficult market place and achieve the base sales prices necessary to accomplish the Funding and Investment Strategy (FR J47) for the Schools Estate.
 - Selecting a compliant procurement route that has suitable Service Providers that will promote The Makers' image and branding. It is also necessary to employ the services of a sales agency that has an established brand and reputation consummate with high quality London property. The sales agency should have national and international coverage and corresponding client databases to maximise the access to potential purchasers.
- 5.6 Alternative delivery and procurement options were considered and assessed in the Business Case and lessons from the contract with CW were reflected upon. The Business Case's options appraisal re-confirmed that the original strategy remains valid and preferred: to procure an external Sales Agent with market-leading expertise in the sale of Residential Units of the quality demonstrated at The Makers.
- 5.7 Once the analysis had re-confirmed the need to re-procure an external Sales Agent to continue to deliver the Sales and Marketing Strategy, the choice of procurement route was straightforward. There are only a handful of agents specialising in the sale of high-value residential properties within the UK and internationally, and even fewer PCR-compliant frameworks facilitating access to these organisations.
- 5.8 **Procurement Route Appraisal:** The Business Case confirmed that the preferred option was to procure the services under the Homes England Property Professional Framework 2018-2022 (HEPP) via a mini-competition with the Council requiring the Service Providers on the framework to submit competitive proposals against an outcome-based performance specification. The framework also meets the key drivers for the procurement of a new replacement Sales Agent and is of a low risk procurement.

5.8.1 Homes England is a new agency established from the Homes and Communities Agency. The Homes and Communities Agency Framework Agreement provided the compliant route to market for the initial Sales Agent procurement in 2016.

5.8.2 The HEPP is the most appropriate route to market as it provides access to top-quality organisations specialising in the selling of high-value residential properties within the UK and internationally.

5.8.3 The Council can be confident that the majority of the Service Providers on the HEPP will have the capability, capacity expertise and experience to support the needs of the Council.

5.8.4 The performance of the Service Providers on HEPP framework is monitored by Homes England. The Council is encouraged to report back poor or non-performance, thus incentivising the Service Provider(s) beyond the remit of the contract between the successful Service Provider (the appointed Sales Agent) and the Council.

5.8.5 In summary, the measurable benefits of using the HEPP are:

- Offers the Council a compliant route to market in as short a time as possible;
- The Council is actively supporting the UK public sector's collaborative procurement initiatives;
- Provides the Council access to the most appropriated Service Providers via the framework agreement;
- Has the greatest number of Service Providers who are most able to meet the needs of the Council, thus the Council will enjoy best value for money in terms of cost and quality of service;
- The Council will enjoy no fee/charges for access to the Homes England's framework and tendering portal (ProContract);
- Homes England has already undertaken the pre-selection due diligence;
- The HEPP framework consists of a substantial number of suitable sales agents for the East/Central London market;
- The Council's project team is supported by the Homes England procurement team in managing the tender process via Homes England's ProContract portal.

5.9 The Council, as freeholder of the site and sole owner of the Makers Management Company (holder of the head lease), has the legal power to appoint a Sales Agent and dispose of the leaseholds. As a local Authority, the Council has the right to use the HEPP framework, this has been independently verified by the Project.

5.10 **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

See paragraph 8.1.

6. PROJECT PROGRESS

6.1. Developments since the Business Case approval.

- 6.1.1. Since the Business Case approval, the incumbent Service Provider (CW) has continued to market the Residential Units and has secured a small number of reservations. The requirement to procure a new Sales Agent urgently, as described in the Business Case, remains unchanged.

6.2. Whole Life Costing/Budgets:

- 6.2.1. The funding for the Sales Agent services has been budgeted for within The Makers (Nile Street) capital project and no further funding will be required subject to sales prices achieved and general market conditions.
- 6.2.2. Payment of the Sales Agent's fees is due on the exchange and completion of the sale of a residential unit. The fee is funded from the capital receipt from the leasehold sale and hence does not impact the Council's cash flow. It is anticipated that the contract value will be in the region of £1,800,000 and £2,500,000 in fees.
- 6.2.3. The Sales Agent contract will be managed by the Nile Street development Project Director. The cost of this management resource is already included within the project capital budget.

6.3. Savings

- 6.3.1. No 'cashable' savings will be generated as the procurement relates to services associated with the delivery of a capital project, rather than a repetitive revenue expenditure.
- 6.3.2. The Sales Agent services are required to achieve the capital receipts from the sales of Residential Units, therefore the contract is required urgently to ensure the recovery of the cost of the development and to reduce the 'servicing' costs arising from the vacant Residential Units.
- 6.3.3. Indirect ('non-cashable') savings will be generated through cost-reduction and/or cost-avoidance and demonstrating best value for money as evidenced through a competitive tender process.

7. SUSTAINABILITY ISSUES

7.1. Procuring Green

- 7.1.1. The Sales Agent Services will have a minimal impact on the environment. The Council's Contract will specify that the Sales Agent will be required to minimise any impact on the environment.
- 7.1.2. Service Provider A confirmed the following commitments through the procurement process:

- The Sales Agent's Team Travel – The Sales Agent's Team will encourage the use of public transport or cycling and use the bike storage available in the basement or outside the marketing suite, reducing the Sales Agent's CO2 emissions.
- The hosting of sales particulars/documents e.g. apartment details, plans, photos and supporting details will primarily be available in an electronic format. The printing of these particulars at The Makers will be discouraged.
- All electricity consumed will be supplied by EDF under Framework Agreement (RM6011) in accordance with Government low carbon green energy guidelines.
- Ensure that any consumables required in the delivery of the Sales Agent services are obtained from sustainable sources, wherever possible. The Council's Contract will specify that any purchases by the Sales Agent are made in cognisance of the full environmental impact considerations.
- Any waste arising from the Sales Agent services will be recycled in accordance with the Council's and The Makers' recycling policy.

7.2. Procuring for a Better Society

7.2.1. Service Provider A made the following commitments during the tender process:

- They will liaise with 'Hackney Works' when recruiting and advertise any apprenticeship opportunities through Hackney Works.
- They will deliver four hours of job coaching to residents of the Borough, including helping them with CV writing and interview preparation.
- They will deliver one employability session and aim to reach at least 20 people. This will focus on career guidance and raising awareness of the property industry.
- They will allocate two days' worth of volunteering per team member to local projects and work with the relevant umbrella organisations in the area to identify where our support is most needed.
- They will provide graduate CPD training support for those undertaking their Assessment of Professional Competence.

7.3. Procuring Fair Delivery

- 7.3.1. The Framework Agreement's form of Contract (Appointment of Consultant Instruction) contains a Modern Slavery and Human Trafficking provision (Modern Slavery 17). The Council's lawyers, Bevan Brittan, will review the Modern Slavery provision and confirm that the drafting is compliant with all aspects of Modern Slavery, Forced Labour and Human Trafficking legislation or provide a modification for inclusion within the Council's contract with Service Provider A.
- 7.3.2. Service Provider A has confirmed that they will be paying the London Living Wage to all employees (and sub-contractor employees) directly engaged in this Contract. This will be a formal contractual requirement within the Council's Contract.

7.4. **Equality Impact Assessment and Equality Issues:**

There will be no equality issues directly applicable to the Council arising from this procurement. However, the equality issues identified within the PRIMAS where appropriate have been addressed during the tender process or will be monitored as part of the Key Performance Indicators as detailed within 10.7 below.

- 7.4.1. As part of the Sales Agent tender submission, the Council sought to understand how the Sales Agent will optimise diversity within its employees and its supply chain. The Sales Agent will formally report on their performance on a regular basis. This reporting requirement will be a contractual performance indicator. Continuing non or poor performance on equality issues under the Equality Act 2010 will be considered a 'material' default under the contract.
- 7.4.2. As part of the Sales Agent tender submission, the Council sought to understand how the Sales Agent manages its compliance with the Equality Act 2010 ensuring no unlawful discrimination, victimisation, bullying, or harassment as set out in the Equality Act 2010. This will be a contractual reporting requirement recorded as a performance indicator.

8. **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

- 8.1. The following alternative service delivery and procurement options were considered and rejected. Please see the Business Case for detailed analysis of options.
- Do nothing;
 - Assigning the benefit of the CW contract to a Third Party sub-agent as permitted under the terms of the contract;
 - The use of the Council's in-house sales services 'Hackney Sales';
 - Insourcing (self-delivery) through the recruitment of a dedicated professional individual;
 - Single Tender Action;
 - Procurement of Sales Agent via a PCR (OJEU) Open/Restricted Procedure tender process;

- Procurement of Sales Agent via Crown Commercial Services Framework – Estate Professional Services RM3816: National Sales - Lot 1, mini- competition;
- Procurement of Sales Agent via Crown Commercial Services Framework – Estate Professional Services RM3816: London and the South East - Lot 2c (CCS Lot 2c), mini competition.

8.2. Two potential options for insourcing were considered: the engagement of Hackney Sales, and self-delivery by recruiting a suitable individual. These were rejected for the following reasons:

- 8.2.1. The use of Hackney Sales - Following consultation with Head of Sales & Marketing, Hackney Sales declined the opportunity on the basis that they do not currently have the experience, resources or database of clients to sell the type of Residential Units at The Makers.
- 8.2.2. Insourcing through the recruitment of a dedicated professional individual -
- Lack of in-house management expertise, with the short-term nature of the project providing no opportunity to develop these;
 -
 - Cost, timescales and management involved in the recruitment of staff not viable;
 - Property portal procurement challenges;
 -
 - Lack of corporate support from the Sale Agent in terms of market insight and research.
 - The short-term, fixed nature of the project.

9. TENDER EVALUATION

9.1. Evaluation:

The evaluation of the tender was carried out in accordance with EU Procurement regulations and the Framework Agreement requirements.

9.1.1. The scope of the Homes England Property Professional Services Framework is broad and, of the nineteen Service Providers on the Framework, there are only a limited number with the suitable experience to market properties of the calibre at The Makers. As anticipated, four of the Service Providers initially indicated that they would respond to the Invitation to Tender, however, two of these did not submit responses by the deadline. The Service Providers that submitted the two compliant tenders are the market leaders for the provision of sales agency services for residential properties such as those at The Makers; this response was deemed to be satisfactory. A list of Service Providers that responded, or submitted an 'opt out' is included in Appendix A (Exempt).

9.1.2. On receipt of the tenders, the following process was undertaken:

- Compliance check to confirm the tender responses were acceptable
- Independent technical evaluation of the qualitative responses by four evaluators

- Price evaluation, independent of technical evaluators
- Issue of clarification questions to tenderers
- Tender clarification meetings
- Moderation meeting held attended by all four evaluators and the Procurement Category Lead
- Quality and price scores confirmed

- 9.1.3. The evaluation of the qualitative responses was undertaken independently by a panel of four evaluators:
- Project Director for Nile Street (The Makers) and Tiger Way (Otto) Developments, Education Property Team.
 - Sales & Marketing Manager, Londonewcastle – representative from the Council’s residential development and branding consultants, appointed under the Development and Branding Agreement.
 - Project Manager, Education Property Team – responsible for aspects of the management of the Sales Agent for the Makers.
 - Completion Manager, Education Property Team – responsible for the management of sales completions of the Residential Units at Nile Street and Tiger Way.
- 9.1.4. The technical submissions consisted of 51 responses/criteria within the umbrella of the three principal questions:
- United Kingdom Sales Approach (40% of overall score)
 - International Sales Approach (10% of overall score)
 - The Tenderer’s Capacity, Capability, Expertise and Experience (10% of overall score)
- 9.1.5. All of the 51 responses for each tenderer were scored independently by the evaluators and then a moderated score for each was agreed at the Moderation Meeting on 20 October 2020, under the guidance of the Procurement Category Lead. A summary of the quality evaluation and scoring can be found in Appendix B (Exempt).
- 9.1.6. The evaluation of the price submissions was undertaken by the Procurement Manager, and assured by the Project Manager. The Service Provider with the lowest tender price was awarded the maximum score of 40%, and the other tender price was scored in accordance with the calculation methodology as issued/approved by the Council’s procurement department (and detailed in the Invitation to Tender). A breakdown of the price evaluation and scoring can be found in Appendix C (Exempt).
- 9.1.7. All of the tender responses were of a high quality and the evaluation panel were satisfied that either of the Service Providers would meet the Council’s expectations, if appointed. The moderated quality scores fell in the range between 34% - 42% out of a possible maximum core of 60%. The average of all the responses from both tenderers was “good”, defined as follows in the evaluation matrix: “The proposals demonstrate a good understanding of the Council’s objectives. It deals fully with the main management and deliverables and provides for delivering potentially a good outcome for the Council and shows continuous improvement over the life of the Contract”.

9.1.8. No variant, or non-compliant bids were submitted.

9.2. **Recommendation:**

9.2.1. Following the completion of the tender evaluation, it is recommended that the Council award the Contract to Service Provider A.

9.2.2. The table below summarises the breakdown of the evaluation of both compliant tenders and the confirmation that Service Provider A submitted the most economically advantageous tender. Service Providers C and D responded positively to the Expression of Interest, but decided not to submit a tender for the reasons stated.

	Quality	Price	Total
Service Provider A	34.4	40	74.4
Service Provider B	41.2	30.6	71.8
Service Provider C	Reason for non-submission of tender: "Unable to be competitive"		
Service Provider D	Reason for non-submission of tender: "Unable to meet requirements"		

9.2.3. Service Provider A is a sales agency with a leading brand both in the UK and internationally, as well as significant successful experience in the disposal of similar developments in the local area. The submitted documents and the clarification meeting demonstrated that Service Provider A can satisfy all aspects of the scope as well as provide added value with its in-house marketing expertise. Despite Service Provider A's submitted documents scoring 7% lower than the Service Provider B in the quality evaluation, the panel were satisfied that Service Provider A would provide a high-quality service. Service Provider A's fee offered substantially better value than the alternative submission, and the price score was a key differentiator.

9.2.4. Service Provider A's fee will be adjusted to the tendered percentage of the sales prices for Residential Units. The final Contract value will therefore be dependent on the agreed sales prices of the remaining Residential Units. It is anticipated that the Contract value will be in the region of £1,800,000 and £2,500,000. The fees will be paid from the capital receipts from the sale of Residential Units and are affordable within the project budget.

9.2.5. Service Provider A's fees are marginally higher than the outgoing Sales Agent (CW) for the UK market and the international market. This increase reflects changes in the market since CW was appointed and is consistent across the sector. The increased fees remain within the allowance in the project budget.

- 9.2.6. The use of introducers and bulk sales by sales agents in the UK sales market will be subject to approval on a case by case basis and will be subject to best consideration being achieved for the Council.
- 9.2.7. The use of introducers/runners is common practice in the International sales market and this has been agreed in principle by the Sales and Marketing board as long as best consideration for the Council has been achieved. Any International sale involving an introducer has been allowed for in the international fees tendered by the Service Providers.
- 9.2.8. The outgoing Sales Agent (CW) has confirmed that there are no incoming TUPE or asset transfer considerations arising from this re-procurement. It has been confirmed in writing by a responsible director of CW's that all staff will be made redundant by CW prior to termination of the contract.
- 9.2.9. Legal advice from Bevan Brittan has verified that the written confirmation from CW does not provide the Council with a fully robust indemnification. Given the complexities of UK Employment Law, Bevan Brittan have prepared a clause for inclusion (via a contract variation) within the CW contract to ensure that the Council is indemnified against any future claim. The same clause will also be included in the appointment of the successful tenderer to manage any future risk of TUPE to the council.
- 9.2.10. The Homes England form of Contract will be modified to include the London Living Wage provisions.

10. CONTRACT MANAGEMENT ARRANGEMENTS

- 10.1. **Resources and Project Management (Roles and Responsibilities):** The resources required for contract management and the indicators of success are well understood as this is a re-procurement of an existing service. The contact with the Service Provider A will continue to be managed by the Project Director and Completions Manager, and the resource requirements have been forecast within the project budget based on anticipated sales rates.
- 10.2. The Project Director will report to the Director, Financial Management and the Sales and Marketing Board. Any issues that require escalation would first be addressed at the Sales and Marketing Board.
- 10.3. The form of Contract will be awarded in accordance with Schedule 6 of the Homes England Framework Agreement - Property Professional Services Panel Appointment of Consultant Instruction. The drafting of this Form of Contract will be reviewed by Bevan Brittan, and any recommended amendments will be incorporated prior to issue to Service Provider A.
- 10.4. The duration of the Contract shall be effective from 1 January 2021 until all the unreserved residential properties at The Makers have been sold or 1st January 2023, whichever the earlier, however there is an option to extend

the contract prior to this if necessary by a further 12 months if there are properties remaining unsold.

- 10.5. Londonewcastle, the Council’s residential development and branding consultants, will continue to provide expert advice in the sale and marketing of the Residential Units and support the Council to ensure that the Sales Agent’s services meet best practice expectations.
- 10.6. The Contract Manager will meet quarterly with Service Provider A to review the quality of the service and jointly identify areas for continuous improvement over the life of the contract.
- 10.7. Poor performance by the Service Provider will be escalated to HEPP framework managers.
- 10.8. **Key Performance Indicators:** The table below describes the main KPIs and how they will be monitored. The key strategic (Mayoral) and local (Directorate/Service) objectives have been listed below the table and a reference added where relevant against each KPI.

Main KPI Targets Set	Monitoring	Strat egic Ref	Local Ref
1. Adherence to Sales and Marketing strategy - e.g. sales rate, focus on local/domestic sales), etc.	Review at Sales and Marketing Board meetings. To include: <ul style="list-style-type: none"> • Performance metrics- Marketplace forecasting and trend analysis • Identification, management and reporting of obstacles to sales exchanges • Report of the sales progressions 	(1)	B
2. Exceeding the “base” sales prices	Weekly report and Review at Sales and Marketing Board meetings	(2)	A
3. Corporate/Project’s Health and Safety compliance	Monthly Report and quarterly review/audit by Contract Manager as required.	(4)	C
4. Sustainability matters / Environmental compliance	Monthly Report and quarterly review/audit by Contract Manager as required.	(3)	C
4. Delivery of tender commitments - advertising opportunities with Hackney Works, volunteering, training	Monthly Report and monthly review/audit by Contract Manager as required. Performance metrics – <ul style="list-style-type: none"> • Actively recruiting from within 	(1)	C

support, etc.	<p>the Borough</p> <ul style="list-style-type: none"> • 360 degree recruitment satisfaction surveys • Training and qualification needs analysis 		
5. Quality and timely submission of reports.	Audit by Contract Manager.	(2)	B
6. Successful targeting of identified purchaser groups	Data metrics from digital media demonstrating source and conversion of leads; reported monthly. Monthly Report and monthly review/audit by Contract Manager as required	(2)	B
7. Customer satisfaction	360 degree satisfaction surveys (purchaser/LBH stakeholder/contract manager)	(5)	C
8. Equality and Diversity	Provision of corporate reporting	(1)	C
9. Professional statutory/regulatory compliance	<p>Monthly Report and monthly review/audit by Contract Manager as required.</p> <p>Performance metrics</p> <ul style="list-style-type: none"> • Compliance with Professional statutory /regulatory' compliance i.e. the observance of reportable breaches. 	(4)	C

Mayor's priorities / strategic objectives:

- 1) Tackling inequality; making Hackney a place that works for everyone, with affordable homes, job opportunities and first class schools, where no-one is left behind
- 2) An ambitious and well-run council that delivers high quality services, financial stability, and first class-local facilities
- 3) Prioritising quality of life and the environment; making our streets safer for cyclists and pedestrians, tackling air pollution, protecting our parks and green spaces
- 4) A campaigning council that speaks up for Hackney and actively intervenes to protect and promote the well-being of the borough and its citizens
- 5) Connecting with Hackney's communities; a visible, engaging, and listening council, working in partnership with local people to shape services, and promoting community cohesion

Directorate and Service / local objectives:

- A. To ensure that sales revenue is maximised to support the Funding and Investment Strategy (FR J47) for the Schools Estate.

- B. To ensure the sales are achieved in accordance with the Sales and Marketing Strategy.
- C. To ensure The Makers' brand and Hackney's reputation are protected.

11. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

11.1 The sales agents fees have been have been factored into the overall cost plans and the viability assessment for the Nile Street and Tiger Way schemes. The Council only incurs costs in respect of this contract upon sales completions.

11.2 VAT Implications

11.2.1 VAT will be charged at the standard rate in accordance with HMRC rules for services, fees and expenses incurred by the sales agents.

11.2.1 The Company A is VAT registered.

12. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE

12.1. Contract Standing Orders require all contracts with an estimated value in excess of £2m, as here, to be approved by Cabinet Procurement Committee.

12.2. The contract is for 2 years from 1st January 2021 with a Council option to extend by one further year.

12.3. The contract value is above the EU threshold and a legally compliant Framework (mini-competition) has been used as the procurement route.

12.4. Bevan Brittan Solicitors have advised the Council on all legal issues arising during the procurement exercise, including TUPE protections, and will also prepare the call-off contract from the Framework. Legal Services will assist as may be required.

13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

13.1. Following a robust procurement exercise via the Homes England - Framework Agreement - Property Professional Services Framework 2018-2022, this award recommendation is supported. The process undertaken is in line with the Council's CSO's, EU regulations and the Public Contract Regulations.

APPENDICES

Appendix A – Framework Panel Members: respondents - Exempt

Appendix B – Quality Evaluation - Exempt

Appendix C – Price Evaluation - Exempt

EXEMPT

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None)

None

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