

## **NOTICE OF MEETING**

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# **Executive Procurement Committee**

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TUESDAY, 13TH FEBRUARY, 2007 at 18:00 HRS – CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Mallett (Chair), Diakides, Haley and Meehan

### **AGENDA**

#### **1. APOLOGIES FOR ABSENCE**

(if any)

#### **2. URGENT BUSINESS**

The Chair will consider the admission of any late items of urgent business. Late items will be considered under the agenda item where they appear. New items will be dealt with at item 19 below. New items of exempt business will be dealt with at item 30 below.

#### **3. DECLARATIONS OF INTEREST**

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest.

#### **4. MINUTES (PAGES 1 - 10)**

To confirm and sign the minutes of the meetings of the Procurement Committee held on 14 November and 7 December 2006.

**5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

To consider any requests received in accordance with Standing Orders.

**6. SUPPORTING PEOPLE PROGRAMME - STEADY STATE CONTRACTS (PAGES 11 - 30)**

(Report of the Interim Director of Adult, Culture and Community Services): To seek approval to a waiver of the requirement to tender under Contract Standing Orders and to approve the award of short term Supporting People contracts to existing providers who satisfy the Council's strategic, quality, performance and cost thresholds.

**7. PASSENGER TRANSPORT SERVICES - AWARD OF CONTRACT (PAGES 31 - 42)**

(Report of the Director of the Children and Young People's Services): To seek approval to award the contract for externally provided passenger transport services within an overall Framework Agreement.

**8. CONSTRUCTION RELATED CONSULTANCY SERVICES - AWARD OF CONTRACT (PAGES 43 - 48)**

(Report of the Acting Director of Finance): To seek approval to the extension of the contract for the above-mentioned project for a period of one year.

**9. PROCUREMENT OF INTERNAL AUDIT SERVICES (PAGES 49 - 54)**

(Report of the Acting Director of Finance): To inform Members of the procurement process undertaken to appoint a provider for the Council's internal audit services from 1 April 2007 and to seek approval to award the contract to the selected provider.

**10. EXTENSION OF CAPGEMINI AGREEMENT FOR DEVELOPMENT AND SUPPORT OF THE SIEBEL CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEM (PAGES 55 - 60)**

(Report of the Director of Corporate Services): To seek approval to extend the Capgemini Agreement for development and support of the Siebel Customer Relationship Management (CRM) system for a 6 month period.

**11. AWARD OF FRAMEWORK AGREEMENTS TO FOUR DECENT HOMES CONSTRUCTOR PARTNERS (PAGES 61 - 76)**

(Report of the Interim Director of Adult and Community Services):To seek approval to award four Constructor Partners Framework Agreements for four years to the deliver the Department for Communities and Local Government (DCLG) Decent Homes Target by 2010 (subject to legislative changes).

**12. APPOINTMENT OF CONTRACTOR PARTNERS TO BSF FRAMEWORK AGREEMENT**

(Report of the Acting Director of Finance): To inform Members of the Procurement activity currently underway which will eventually lead to the appointment of contractor partners to a framework agreement. **FAILED TO MEET DESPATCH DATE**

**13. AWARD OF FRAMEWORK AGREEMENTS TO FOUR COMPLIANCE TEAM (CONSULTANTS) PARTNERS (PAGES 77 - 86)**

(Report of the Interim Director of Adult and Community Services):To seek approval to award four Compliance Teams (Consultant) Framework Agreements for four years to act as Client Representatives undertaking the services of Project, Cost and Risk Management, Quality Monitoring and Planning Supervisor across the Contract Areas for the delivery of the Department for Communities and Local Government Decent Homes Target by 2010/11 (subject to legislative changes).

**14. EXTENSION AND VARIATION OF THE CONTRACTS WITH PROSPECTS SERVICES LIMITED AND CAREERS ENTERPRISE (FUTURES) LIMITED FOR CONNEXIONS NORTH LONDON SERVCIES 2007-08. (PAGES 87 - 92)**

(Report of the Director of the Children and Young People's Services): To seek approval to vary the existing contracts with Prospects Services Ltd. and Careers Enterprise (Futures) Ltd. for Connexions North London services.

**15. MENTAL HEALTH SERVICES FOR CHILDREN IN THE CARE OF HARINGEY COUNCIL - REQUEST FOR WAIVER OF REQUIREMENT TO TENDER (PAGES 93 - 98)**

(Report of the Director of the Children and Young People's Service): To seek approval to waive the requirement to tender under Contract Standing Orders.

**16. MENTAL HEALTH SERVICES FOR CHILDREN IN THE CARE OF HARINGEY COUNCIL - AWARD OF CONTRACT (PAGES 99 - 104)**

(Report of the Director of the Children's and Young Peoples Service): To seek approval to award the contract for mental health services for looked after children.

**17. CHILDREN'S CENTRES – PHASE TWO, EARLSMEAD & WELBOURNE PRIMARY SCHOOLS: AWARD OF CONTRACT (PAGES 105 - 112)**

(Report of the Director of the Children and Young People's Service): To seek approval to award the contract for the development and construction of a Children's Centre at both Earlsmead and Welbourne Primary School sites.

**18. VARIATION TO THE SECONDARY SCHOOLS PFI AGREEMENT**

(Report of the Director of the Corporate Resources): Purpose To seek approval to vary the PFI agreement to permit the designers and contractors to enter the schools and carry out works. Also to adapt the output specification, payment mechanism and other aspects of the agreement to reflect the work done. **FAILED TO MEET DESPATCH DATE**

**19. NEW ITEMS OF URGENT BUSINESS**

To consider any items admitted at 2 above.

**20. EXCLUSION OF THE PRESS AND PUBLIC**

The following items are likely to be the subject of a motion to exclude the press and public as it contains exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).

Note from Head of Member Services

The following item allows for consideration of exempt information (if required) in relation to items 6 - 18 which appear earlier on the agenda.

**21. SUPPORTING PEOPLE PROGRAMME - STEADY STATE CONTRACTS (PAGES 113 - 124)**

(Report of the Interim Director of Adult, Culture and Community Services): To seek approval to a waiver of the requirement to tender under Contract Standing Orders and to approve the award of short term Supporting People contracts to existing providers who satisfy the Council's strategic, quality, performance and cost thresholds.

**22. PASSENGER TRANSPORT SERVICES - AWARD OF CONTRACT (PAGES 125 - 134)**

(Report of the Director of the Children and Young People's Services): To seek approval to award the contract for externally provided passenger transport services within an overall Framework Agreement.

**23. PROCUREMENT OF INTERNAL AUDIT SERVICES (PAGES 135 - 138)**

(Report of the Acting Director of Finance): To inform Members of the procurement process undertaken to appoint a provider for the Council's internal audit services from 1 April 2007 and to seek approval to award the contract to the selected provider.

**24. EXTENSION OF CAPGEMINI AGREEMENT FOR DEVELOPMENT AND SUPPORT OF THE SIEBEL CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEM (PAGES 139 - 140)**

(Report of the Director of Corporate Services): To seek approval to extend the Capgemini Agreement for development and support of the Siebel Customer Relationship Management (CRM) system for a 6 month period.

**25. AWARD OF FRAMEWORK AGREEMENTS TO FOUR DECENT HOMES CONSTRUCTOR PARTNERS (PAGES 141 - 146)**

(Report of the Interim Director of Adult and Community Services): To seek approval to award four Constructor Partners Framework Agreements for four years to the deliver the Department for Communities and Local Government (DCLG) Decent Homes Target by 2010 (subject to legislative changes).

**26. AWARD OF FRAMEWORK AGREEMENTS TO FOUR COMPLIANCE TEAM (CONSULTANTS) PARTNERS (PAGES 147 - 152)**

(Report of the Interim Director of Adult and Community Services): To seek approval to award four Compliance Teams (Consultant) Framework Agreements for four years to act as Client Representatives undertaking the services of Project, Cost and Risk Management, Quality Monitoring and Planning Supervisor across the Contract Areas for the delivery of the Department for Communities and Local Government Decent Homes Target by 2010/11 (subject to legislative changes).

**27. EXTENSION AND VARIATION OF THE CONTRACTS WITH PROSPECTS LTD. AND CAREERS ENTERPRISE (FUTURES) LTD FOR CONNEXIONS NORTH LONDON SERVICES 2007/08 (PAGES 153 - 154)**

(Report of the Director of the Children and Young People's Services): To seek approval to vary the existing contracts with Prospects Services Ltd. and Careers Enterprise (Futures) Ltd. for Connexions North London services.

**28. MENTAL HEALTH SERVICES FOR CHILDREN IN THE CARE OF HARINGEY COUNCIL - REQUEST FOR WAIVER OF REQUIREMENT TO TENDER (PAGES 155 - 156)**

(Report of the Director of the Children and Young Peoples Service): To seek approval to waive the requirement to tender under Contract Standing Orders.

**29. MENTAL HEALTH SERVICES FOR CHILDREN IN THE CARE OF HARINGEY COUNCIL - AWARD OF CONTRACT (PAGES 157 - 158)**

Report of the Director of the Children and Young Peoples Service): To seek approval to award the contract for Mental Health Services for looked after children.

**30. CHILDREN'S CENTRES PHASE 2 - EARLSMEAD AND WELBOURNE PRIMARY SCHOOLS (PAGES 159 - 160)**

(Report of the Director of the Children and Young People's Service): To seek approval to award the contract for the development and construction of a Children's Centre at both Earlsmead and Welbourne Primary School sites.

**31. NEW ITEMS OF EXEMPT URGENT BUSINESS**

To consider any items admitted at item 2 above.

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5 February 2007

**MINUTES OF THE EXECUTIVE PROCUREMENT COMMITTEE**  
**TUESDAY, 14 NOVEMBER 2006**

Councillors Mallett (Chair), \*Diakides, Haley, \*B.Harris, Meehan and \*Reith.

\*Present

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PROC17	<p><b>APOLOGIES FOR ABSENCE</b> (Agenda Item 1)</p> <p>Apologies for absence were submitted by our Chair, Councillor Mallett (for whom Councillor B. Harris substituted) and Councillors Haley and Meehan (for whom Councillor Reith) substituted.</p> <p>In the absence of Councillor Mallett, Councillor Diakides took the Chair.</p>	
PROC18	<p><b>MINUTES</b> (Agenda Item 4)</p> <p><b>RESOLVED:</b></p> <p>That the minutes of the meetings held on 18 and 25 July 2006 be approved and signed.</p>	HMS
PROC19	<p><b>CONTRACTUAL ARRANGEMENTS FOR SIX CULTURALLY SPECIFIC DAY CARE SERVICES</b> (Report of the Director of Social Services - Agenda Item 6)</p> <p>We noted that the move away from fully paid block contracts, regardless of activity, towards variable block contracts the value of which was limited to activity, had been implemented on 1 April 2006 and that the effect of this change to date was £141,000 in savings for the Council.</p> <p>We also noted that the further change recommended in the report, away from block contracts and towards spot contracts might have further financial implications. It was anticipated that three of the providers might continue to operate at full capacity while the other three might not and savings on the full contract cost would fluctuate accordingly. However, as outlined in paragraph 11.2 of the interleaved report it was the Council's intention to increase support to the providers so that they could all develop their markets, purchasing from other local authorities as well Haringey. If successful, their businesses would flourish and the Council would have achieved Value for Money. We were advised that it was considered prudent to assume that annual savings would continue at a level of £141,000 p.a. although this figure might increase according to the number of spot contracts. All six contracts were tightly monitored for performance and financial efficiency and this would continue.</p> <p>We were disappointed at the absence of any equalities comments in the report given its purpose and noted that work was in hand on the development of a strategic approach to the provision of day care services.</p>	

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	<p><b>RESOLVED:</b></p> <p>That approval be granted to the change from existing block contracts for care to spot contracts linked to individual clients for the Cypriot Centre, Irish Centre, Chinese Centre, Asian Centre, Grace and ACLC (African-Caribbean Leadership Council with effect from January 2007.</p>	DSS
PROC20	<p><b>COOMBES HOUSE, LOWRY HOUSE, PROTHEROE HOUSE AND WILLIAM ATKINSON HOUSE - LIFT MODERNISATION WORKS</b>          (Report of the Director of Social Services - Agenda Item 7)</p> <p>Details of the contracts which were set out in the Appendix to the interleaved report were the subject of a motion to exclude the press and public from the meeting as they contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p>In response to a question it was confirmed that the works would involve the loss of service for the residents for the on-site period of approximately 10 weeks and that special arrangements were proposed for residents with mobility problems.</p> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. That, in accordance with Contract Standing Order 11, approval be granted to the award of the contract for lift modernisation works at Coombes House, Lowry House, Protheroe House and William Atkinson House to Apex Lifts Ltd. in the sum of £304,054 with a contract period of 30 weeks.</li> <li>2. That the fees of £59,364 and the total cost of the project of £363,418 be noted.</li> </ol>	DSS
PROC21	<p><b>DECENT HOMES PROCUREMENT</b> (Report of the Director of Social Services - Agenda Item 8)</p> <p>We noted the methods which had been adopted to appoint to separate framework agreements as follows -</p> <ul style="list-style-type: none"> <li>• Decent Homes Constructor Partners to undertake the surveys, design and refurbishment of Council homes in four Areas within the Borough. These areas are known as Contract Areas and are currently named (subject to agreement) as Wood Green, Hornsey, North Tottenham, and South Tottenham.</li> <li>• Compliance Team (External Consultants) to act as Client Representatives undertaking the services of Project, Cost &amp; Risk Management and Planning Supervisor (Health and Safety) across the Contract Areas.</li> <li>• Planned Preventative Maintenance (PPM) Constructor Partners to carry-out primarily external decorations and environmental works</li> </ul>	



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	<p>within the Contract Areas</p> <p>We also noted that the report was intended to inform us of the procurement activity currently underway which would eventually lead to the appointment of the above-mentioned framework agreements. The Decent Homes Constructor Partner(s) and Compliance Team(s) would be commissioned to ensure that the Council delivered the Department for Communities and Local Government (DCLG) Decent Homes target by 2010 (subject to legislative changes). The PPM Constructor framework would be commissioned to maintain the communal and external areas of the properties to ensure that Haringey fulfilled its Landlord obligations.</p> <p>Clarification having been sought as to why compliance consultants were to be engaged for the day to day management of the contractors rather than in-house staff being used, we were informed that the programme involved a massive investment over a short period of time which made this necessary. Lessons had been learned from recent problems of management of major contracts and Clerks of Works and Surveying functions remained in-house. In addition a new Head of Assets had recently been appointed.</p> <p><b>RESOLVED:</b></p> <p>That the report and the three separate procurement streams outlined be noted.</p>	
<b>PROC22</b>	<p><b>APPOINTMENT OF DESIGN TEAM PARTNERS TO FRAMEWORK AGREEMENT</b> (Report of the Acting Director of Finance - Agenda Item 9)</p> <p>We were informed that the Council had confirmed £178.72 million of Department for Education and Skills (DfES) funding from the Building Schools for the Future (BSF) programme, aimed at transforming the delivery of secondary education in the Borough. We were also informed that the programme required extensive design and build to deliver “inspiring environments”. A mix of new build and refurbishment / remodelling would be included in the package and a framework agreement of between 3 and 5 Design Team Partners would be appointed to deliver the design work.</p> <p>We noted the following revised comments of the Head of Legal Services which were tabled –</p> <p>‘The EU Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006, allows local authorities to enter into framework agreements with contractors, and to select contractors for specific projects from the contractors with which framework agreements have been concluded.</p> <p>The BSF Design Team Partners framework agreement has been advertised in the Official Journal of the EU in accordance with the Public</p>	

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	<p>Contracts Regulations 2006 under the restricted procedure, which is procedure whereby expressions of interest are invited by way of advertisement in the Official Journal of the EU, with a selection of the contractors who have expressed an interest being invited to submit tenders.</p> <p>The Head of Legal Services has been light-touch monitoring the work of the Council's external legal advisers (Eversheds) in relation to the procurement of the BSF Design Team Partners framework agreement, and notes the progress to date on the procurement'.</p> <p>We also noted that Councillor Mallett (as Chair of our Committee) had agreed to a special meeting being held on 7 December for the purpose of approving the recommendations resulting from the evaluation of process.</p> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. That the appointment process undertaken to date as outlined in this report be endorsed.</li> <li>2. That it be noted that a special meeting of the Executive Procurement Committee was to be held on 7 December 2006 for the purpose of approving the recommendations resulting from the evaluation process.</li> <li>3. That it be noted that the Committee would be informed on a regular basis about the procurement activity being undertaken through the BSF programme.</li> </ol>	<p>HPr</p> <p>All to note</p>
<b>PROC23</b>	<p><b>REVIEW OF CONTRACT STANDING ORDERS</b> (Report of the Acting Director of Finance - Agenda Item 10)</p> <p><b>RESOLVED:</b></p> <p>That consideration of the report be deferred to the special meeting of the Committee on 7 December 2006.</p>	<p>HPr HMS</p>
<b>PROC24</b>	<p><b>NEW ITEM OF URGENT BUSINESS – OLDER PEOPLES SERVICES RESIDENTIAL PROVISION – WAIVER AND AWARD OF CONTRACTS</b> (Report of the Director of Social Services – Agenda Item 11)</p> <p>Our Chair agreed to accept the report as urgent business. The report was late because of the need to complete necessary consultations. The report was too urgent to await the next meeting because any delay in the decision making process would lead to providers releasing care beds for older people to other local authorities.</p> <p>We noted that the report sought our agreement to a waiver of Contract Standing Order 6.04 (Requirement to Tender) which required that</p>	

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	<p>competitive tendering processes be carried out for the letting of contracts for the provision of residential and nursing care for older people. We also noted that it was intended to bring to us for approval all awards of contracts for residential and nursing care for older people.</p> <p>Concern was expressed about the need for a coherent commissioning strategy for older peoples residential provision in the context of the review of services for the elderly. Disquiet was also voiced about how it was to be ensured that the block contracts proposed would be appropriate and represent value for money for the Council.</p> <p>We were informed that an exercise was being undertaken by the Commissioning Service to predict the capacity for beds needed both internally and externally. It was envisaged that the outcome would be increased demand for dementia care and nursing care beds. Once this work had been completed the Service would be seeking to establish block contracts with a number of providers to give stability in the market and ensure that the Council had access to supply at a fair price to both the Borough and providers. All providers would be CSCI registered and such registration required compliance with all relevant legislation. Contracts would be monitored post award to ensure continued compliance.</p> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. That, in accordance with Contract Standing Order 7.03(d), approval be granted in principle to a waiver of Contract Standing Order 6.04 for the letting of contracts for the provision of residential and nursing care for older people until 31 December 2007 with an option to extend this period for up to six months should the need arise.</li> <li>2. That all awards of contracts for residential and nursing care for older people be submitted to our Committee for approval.</li> </ol>	<p>DSS</p> <p>DSS</p>
<b>PROC25</b>	<p><b>MINUTES</b> (Agenda Item 13)</p> <p><b>RESOLVED:</b></p> <p>That the exempt minutes of the meeting held on 25 July 2006 be approved and signed.</p>	<p>HMS</p>

ISIDOROS DIAKIDES  
In the Chair

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**MINUTES OF THE EXECUTIVE PROCUREMENT COMMITTEE**  
**THURSDAY, 7 DECEMBER 2006**

Councillors \*Mallett (Chair), \*Diakides, Haley and \*Meehan

\*Present

MINUTE NO.	SUBJECT/DECISION	ACTION BY
PROC26	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>An apology for absence was submitted by Councillor Haley.</p>	
PROC27	<p><b>NEW SIXTH FORM CENTRE AT WHITE HART LANE - REQUEST FOR WAIVER OF CONTRACT STANDING ORDERS AND TO VARY THE CONDITIONS OF CONTRACT</b> (Report of the Director of the Children's Service – Agenda Item 4):</p> <p>Our Chair agreed to accept the report as urgent business. The report was late because of the need to complete necessary consultations. The report was too urgent to await the next meeting because of the need to finalise contract and other related issues related to the main works and the earlier contract for demolition works. With the consent of our Chair a revised version of the report containing the comments of the Head of Procurement was tabled.</p> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. That, in accordance with Contract Standing Order 7, approval be granted to a waiver of Contract Standing Order 12.07(a) (Requirement for security in the form of a bond) in respect of the main contract relating to the Design and Build of the Haringey 6<sup>th</sup> Form Centre dated 3 July 2006 between the Council and Willmott Dixon Construction Ltd.</li> <li>2. That, in accordance with Contract Standing Order 7, approval be granted to a waiver of Contract Standing Order 12.07(a) (Requirement for security in the form of a bond) in respect of the Demolition and Asbestos Removal Contract dated 28 July 2006 between the Council and Willmott Dixon Construction Ltd.</li> <li>3. That, in accordance with Contract Standing Order 13.02, approval be granted to a variation of both the Main Contract (referred to in 1 above) and the Demolition and Asbestos Removal Contract (referred to in 2 above) so as to remove the requirement for a Performance Bond.</li> <li>4. That, in accordance with Contract Standing Order 13.02, approval be granted to a variation of the terms of the Collateral Warranty contained in both the Main Contract (referred to in 1 above) and the Demolition and Asbestos Removal Contract (referred to in 2 above) and to the delegation to the Director of</li> </ol>	<p>DCS</p> <p>DCS</p> <p>DCS</p> <p>DCS</p>

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	the Children and Young People's Service of authority to finalise those terms.	
<b>PROC28</b>	<p><b>REVIEW OF CONTRACT STANDING ORDERS</b> (Report of the Acting Director of Finance – Agenda Item 5):</p> <p>We were informed that it was no longer proposed to proceed with the amendments to Contract Standing Orders 6.09 (Framework and Consortia Arrangements) and 13.03 (Variations and Extensions).</p> <p>Clarification was sought of the implications of the change proposed to Contract Standing Orders 12.05 and 12.06 (Conditions Applying to Contracts) by which the value of a contract which had to be executed on behalf of the Council under seal was increased from £150,000 was increased to £250,000. We noted that the proposal was a commercial consideration which reflected the increased cost of contracts generally since the Standing Orders were last changed. Having further noted that contracts under seal permitted the Council to start litigation if necessary up to 12 years from the date of the breach whereas litigation in respect of contracts not executed under seal had to be commenced within 6 years of the date of the breach we asked that Members of the Committee be supplied with details of all cases in which legal action of this sort had been taken by the Council in the last 5 years. We asked that a risk analysis be carried out on the proposal which should form the basis of the officer's recommendation. We also asked that with respect to Contract Standing Order 12.03 instead of deleting the words 'within 2 weeks' they be replaced with the words 'within 4 weeks'.</p> <p>With regard to the proposed changes in relation to Contract Standing Order 6.07 (Scope of Contract Standing Orders), clarification was also sought of whether there was a difference in law the difference between 'supervising' and 'managing' contracts. Having been advised that the word 'manage' did imply a measure of control, we asked officers to ensure that there would be no additional liability on the Council as a result of the proposed changes. In response to a question about the adequacy of the management of Council contracts, we were informed that arrangements were to be introduced in February 2007 which were aimed at formalising such arrangements.</p> <p>Concern having been expressed about the some of the limits suggested in proposed Contract Standing Orders 15.01 – 15.06 (Disposal of Assets) we were informed that Contract Standing Orders currently made no reference to Disposal of Assets and those now proposed excluded land.</p> <p><b>RESOLVED:</b></p> <p>That, subject to the foregoing, approval be granted to the proposed amendments to Contract Standing Orders as set out in Appendix 2 to the interleaved report and the General Purposes Committee be requested to recommend the Council accordingly.</p>	<p>HPr</p> <p>HPr</p> <p>HPr</p> <p>HPr</p>

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PROC29	<p><b>PROCUREMENT OF DESIGNER FRAMEWORK FOR BUILDING SCHOOLS FOR THE FUTURE</b> (Report of the Acting Director of Finance – Agenda Item 6):</p> <p>Details of the contracts which were set out in the Appendix to the interleaved report were the subject of a motion to exclude the press and public from the meeting as they contained exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).</p> <p><b>RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. That approval be granted to the award of the framework agreement contract to the consultants outlined below as the Design Team Partners (DTP) for the Building Schools for the Future (BSF) programme –  Penoyre and Prasad LLP  ABK Architects  Watkins Gray International LLP  TP Bennett LLP  Nicholas Hare Architects LLP  Building Design Partnership (BDP) Ltd.</li> <li>2. That approval be granted to the delegation of authority to award the call-off contracts for the individual project appointments of DTP consultants to the Director of the Children and Young People's Service, in consultation with the Executive Member for Children and Young People.</li> </ol>	<p>HPr</p> <p>HPr/ DCS</p>
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ANTONIA MALLETT  
Chair

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Report Title: Supporting People Programme - Steady State Contracts

**(Part A): Request for waiver of requirement to tender**

Report of: **Jim Crook – Interim Director of Adult, Culture and Community Services**

Ward(s) affected: **All**

Report for: **Key**

## **1. Purpose**

- 1.1 To seek Member agreement to waive the requirement to tender under Contract Standing Orders.
- 1.2 To approve the award of short term Supporting People contracts to existing providers who satisfy the Borough's strategic, quality, performance and cost thresholds.
- 1.3 The report sets out the challenges and risks associated with seeking to tender Supporting People contracts and services at this stage and what the medium to long term plans are to commission and procure Supporting People services.
- 1.4 It should be noted that this report does not cover supported and sheltered housing services for older people, for the reasons set out in paragraph 9.14 of this report and that a further report on the contracts for these services will be presented to the Procurement Committee in the New Year.

## **2. Introduction by Executive Member**

- 2.1 The Supporting People programme has delivered significant benefits to the people of Haringey and in particular the Borough's more vulnerable and socially excluded households.
- 2.2 The programme's innovative approach to service development and capacity building has ensured that the Council can guarantee that every vulnerable person who needs support will get quick and easy access to the support services they need. Virtually every category of need can be catered for by the programme.
- 2.3 The programme has achieved significant Value for Money Benefits with a £2.5 million per annum cash saving and a £2.1 million per annum increase in capacity, without the need for new investment.
- 2.4 The programme has an impressive record on driving up quality and standards and the performance of services, which is leading to improved service user outcomes.
- 2.5 I have every confidence in the programme's ability and capacity to achieve further improvements and efficiencies and believe that the commissioning and procurement

approach mapped out in this report is both robust and based on sound forward planning.

### 3. Recommendations

- 3.1 That Members approve a waiver of Contract Standing Order (CSO) 6.3 (requirement to tender) on the ground set out in CSO 7.3(d) i.e. that it is in the Council's overall interest.
- 3.2 That Members award new short term contracts to providers of existing Supporting People services, detailed in Part B Appendix 1 of this report, who have met the Borough's quality, performance, cost and strategic thresholds and requirements, for a contract period commencing on 1<sup>st</sup> April 2007, and terminating on the respective expiry dates set out in Part B, Appendix .
- 3.3 That Members delegate to the Director of Social Services and Housing the authority to approve inflation rises, in relation to Supporting People contracts and services where the Director, on the recommendation of the Supporting People Partnership Board, is satisfied that the providers have fully met the Borough's Value for Money criteria.

Report Authorised by: **Jim Crook – Interim Director of Adult, Culture and Community Services**

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### 4. Executive Summary

- 4.1 The report sets out the background to the set up of the existing Interim Supporting People contracts, which were approved by the procurement Committee in June 2003, including the legislative and Government framework that determined how they were established and the Council's responsibilities. (section 7)
- 4.2 The report also sets out the decision making framework required by the Government with regard to Supporting People planning, contracts and services and that all such decisions need to be made by a multi-agency Commissioning Body, the voting membership of which must include the Council, Haringey NHS TPCT and London probation (section 7)
- 4.3 The report also sets out how the existing Supporting People services were reviewed and the statutory requirements of the review process, including the fact that the existing interim contracts will expire 12 months after the completion of the reviews.

(section 7)

- 4.4 The report sets out the budget challenges confronted by Haringey's Supporting People programme including the fact that under the Government's proposed funding formula, Haringey may be faced with long term grant reductions. However, the report also outlines the Supporting People Partnership Board's (Commissioning Body) plans for addressing these reductions. (Section 8)
- 4.5 Based on the procurement approach set out in Haringey's Five Year Supporting People Strategy, agreed by the Council Executive on the 22 March 2005, this report also sets out the SP Partnership Board's future commissioning and procurement intentions and the risks that would arise if SP contracts are put out to open tender at this stage. (Section 9)
- 4.6 The report describes the current and developing robust approach used by the programme to monitor and manage Supporting People contracts and services and how this will be used to improve performance and deliver future efficiencies. (Section 12)
- 4.7 The report provides a detailed equalities analysis of both the existing services users of Supporting People services and of the patterns of use of existing provision. The report describes how this analysis will be used to inform future commissioning and procurement decisions. (Section 15)

## **5. Reasons for any change in policy or for new policy development (if applicable)**

5.1 Not Applicable

## **6. Local Government (Access to Information) Act 1985**

6.1 List of background documents:

- Supporting People Grant Directions 2006/07 (issued by the Department for Communities and Local Government)
- Supporting People Grant Conditions 2006/07 (issued by the Department for Communities and Local Government)
- Supporting People Five-Year Strategy Progress, Annual Plan, Service Reviews, allocations and Government consultation (3 October 2006 Council Executive Report)
- Supporting People Five Year Strategy 2005 – 2010 (approved by Council Executive on the 22 March 2005)
- London Borough of Haringey SUPPORTING PEOPLE PARTNERSHIP BOARD (Commissioning Body) Memorandum of Understanding and Terms of Reference July 2006
- Haringey's Supporting People Value for Money Policy (Approved by Haringey's Supporting People Partnership Board on the 12 September 2006)
- Approval of Supporting People Interim Contracts (17 June 2003 Council Procurement Committee Report)

**These documents are available from the Supporting People Team by contacting:**

**Mathew Pelling**  
**Supporting People Programme Manager**

2nd Floor  
40 Cumberland Road  
Wood Green  
London N22 7SG  
Tel: 0208 489 3340  
Mobile: 0797 324 4168  
Fax: 0208 489 3303  
E-Mail: [mathew.pelling@haringey.gov.uk](mailto:mathew.pelling@haringey.gov.uk)

Some of the documents are also available by visiting the Council's website at:

[http://harinet.haringey.gov.uk/supporting\\_people1](http://harinet.haringey.gov.uk/supporting_people1)

Further information on Supporting People is also available on the Government's Website: <http://www.spkweb.org.uk>

6.2 See Part B for exempt information.

## 7. Background

7.1 On the 17<sup>th</sup> June 2003 the Procurement Committee agreed interim contracts with 106 providers of Supporting People funded support services. These contracts covered a wide variety of providers including small voluntary sector organisations, private providers and Housing Associations. The contracts covered 153 support services that currently support just under 10,000 households and which were worth £23.7 million Per annum in the 2003/04 financial year.

7.2 The interim contracts were set up in accordance with Government Supporting People Grant Conditions and Guidance, issued by the then Office of the Deputy Prime Minister (now the Department for Communities and Local Government). In April 2003 the Supporting People grant replaced several public funding streams that had been funding housing related support services. The Supporting People grant then became payable directly to Local Authorities (LAs) but it was a Government requirement for LAs receiving the SP grant to continue paying for eligible support services from April 2003, which were in place on the 31 March 2003. This evidently required LAs to enter into SP interim contracts with the providers of these services, the contract form of which was determined by the Office of the Deputy Prime Minister (ODPM).

7.3 Government Grant Conditions also required LAs to review all Supporting People services and interim contracts and the reviews had to be conducted in line with detailed Government guidance. LAs were required to complete the reviews by the 31 March 2006 and the review focused on the following areas:

- Strategic Relevance of the service (Did the service fit with Council and Partner strategic priorities and was there robust evidence of the need and demand for the service)

- An assessment of service quality using the Governments Quality Assessment Framework and of performance (see section 12 of this report for more details of the framework)
- An assessment of a service's cost effectiveness and value for money

7.4 A central requirement of the review was the inclusion of service users and seeking their views on the quality and future of the services they received. It was also a key requirement to seek the views of key statutory and non statutory stakeholders on the Supporting People funded support services they used.

7.5 Government Supporting Grant Directions require that all decisions concerning strategy, funding and the future commissioning and decommissioning of services are made by an SP Commissioning Body, the voting membership of which must include the Council, the local NHS PCT and the Probation Service. The Directions also stipulate that each of these partners must have only one equal vote and all decisions must be unanimous. In line with the Directions and Government guidance it is the Commissioning Body that determines the outcome of each Supporting People Service Review and this includes whether a service should continue, be re-configured or de-commissioned.

7.6 However, these decisions need to be made in line with the Supporting People Five Year Strategy agreed by all voting partners and need to be based on the legal, financial and procurement advice of the Council. Under the Grant Directions the Commissioning Body is prohibited from making decisions that go against the financial and legal advice of the Council. Therefore, the procurement decisions of the Commissioning Body are still subject to the Council's Contract Standing Orders and Code of Good Practise.

7.7 Haringey's Supporting People Partnership Board performs the function of the local SP Commissioning Body and it is chaired by the Council's Head of Housing, who also exercises the Council's vote. The voting membership of the Board also includes Haringey NHS TPCT's Director of Strategy and the London Probation Service's Area Housing Development Manager. However, the non voting membership includes the following:

- The Council's Head of Safer Communities
- The Council's Assistant Director for Social Services (Business Improvement)
- The Council's Deputy Director of Children Services
- The Head of the Learning Disability Partnership
- The Joint Head of Mental Health Commissioning
- The Council's Service Manager for Older People Services
- The Council's Principle Equalities Officer

A representative of Haringey's SP provider forum and the Chief Executive of HAVCO also attend part of the Board's meetings but they are excluded from items that are concerned with commercially sensitive matters. Two representatives of Haringey's SP Service User Steering Group also attend the meetings. These representatives have no voting rights.

7.8 In line with Government requirements Haringey has successfully completed the review of all 153 Supporting People services and the SP Partnership Board has agreed the future of all services based on these reviews. The reviews have provided the Borough

with both robust and detailed information, which alongside jointly commissioned needs and other research, provides the Borough with a sound foundation for future commissioning. The Council has significantly driven up performance and standards through the reviews and some very poor quality services have been successfully de-commissioned.

- 7.9 The Council has also been highly successful in using the review process to achieve significant efficiencies with a £2.5 million per annum cash saving (a 10% efficiency on 2003/04 expenditure) and a negotiated increase in capacity worth a nominal £2.1 million per annum (a further 9% efficiencies on 2003/04 expenditure).

## **8. Budget**

- 8.1 In 2006/07 the planned projected expenditure on Supporting People services will be £22.24 million. This is offset by Government Supporting People grant funding of £21.74 million. In addition through the programme's successful application of its Value for Money policies an accumulated surplus of £1.07 million has been built up, which the Government are allowing the Council to roll forward. Therefore, the accumulated underspend on the programme now stands at just under £600,000.

- 8.2 However, the Government have announced a reduction in Haringey's SP grant for 2007/08 to £21.3 million, which is a 2% reduction of £400,000. This is based on the Government's application of its proposed Funding Distribution Formula, under which Haringey may see a significant long term reduction in its funding. The formula is still subject to consultation and has not been fully implemented. There are significant doubts about its robustness and the Council has made robust representations to the Government. There are doubts as to whether it will be fully implemented but until a final Government announcement is made, the Government have used it to influence allocations next year.

- 8.3 In addition to the £600,000 accumulated surplus there are projected savings planned for 2007/08 of £420,000, which arise from the decommissioning of services that the SP Partnership Board has determined are not strategically relevant. The service providers have already been issued with contract termination notices and extensive needs analysis and service user consultation is underway that are informing existing strategies. The contracts are on schedule to end by March 2007.

- 8.4 Through the application of the new value for money policy, a further £250,000 cash efficiency saving is expected in 2007/08. This will offset a projected inflation rise of £222,000 for those services that satisfy the cost effectiveness and performance criteria set out in the VfM policy. As stated under paragraph 9.12 of this report, the final decision on whether an inflation rise will be awarded will not be made until February 2007 and this will obviously take account of the progress made in securing the £250,000 efficiencies.

- 8.5 The Supporting People Partnership Board is planning for a further 2% reduction in central Government grant funding in 2008/09, which would reduce the grant to £20.7 million. The Board is currently undertaking a strategic funding review, which will be completed by the end of December 2006 and this will be followed by a detailed service by service review, to determine which services are the most likely to be de-

commissioned on the grounds that they do not meet the long term strategic requirements of the Borough. The reviews will be completed by March 2007 with services being decommissioned by October 2007. Estimates suggest that savings from this decommissioning combined with further planned efficiencies will achieve a £1.3 million saving by 2008/09.

- 8.6 The longer term funding uncertainties further underpin the view that this would not be the right time to start procuring long term Supporting People contracts. However, based on the analysis set out above the contracts covered by this report can be funded until the end of 2008/09.

## 9. Description of Procurement Process

- 9.1 In accordance with Government Grant Conditions and guidance and in line with the existing Interim Contract the Council has with all local providers of SP services, the contracts will automatically expire 12 months after the completion of the review. There is therefore a need to agree new contracts with existing providers.

- 9.2 Haringey's Five Year Supporting People Strategy agreed by the full Executive on the 22 March 2005 included a post review three year programme of Supporting People commissioning and procurement, which started this year with the mental health sector. The commissioning programme is as follows:

2005/07	Mental Health and Substance Misuse/offender services
2007/08	Older Person, Learning Disability and Young Person services
2008/09	All other services (including generic floating support services)

- 9.3 The strategy recognised that given the size of Haringey's SP programme, the large number of services involved and that nearly 10,000 households receive SP funded support, it would be impossible in the short term to safely put new SP contracts in place through open tendering. However, the strategy is committed to subjecting most SP funded support services to market testing, within the life time of the five year strategy.

- 9.4 An illustration of the challenges in attempting to tender Supporting People services at this stage, is the older persons sector. This sector includes all sheltered warden services, which support over 3,000 social housing tenants provided by both Council run and Housing Association services. Needs mapping commissioned by the Council does suggest the need for long term changes in this sector, which would deliver more highly supported sheltered housing for those with higher support needs and more flexible low level support.

- 9.5 However, the project planning and commissioning required to achieve this is complex and there would evidently be a need to consult with and involve tenants in decisions that may both affect who provides their service and what the future shape of their services will be. This is unlikely to be achieved within the usual timescales that apply to most procurement and tender processes and may take the entire lifetime of the SP Five Year Strategy (if not longer) to fully realise.

- 9.6 Whereas other sectors in the Supporting People programme do not support the same

large number of tenants/service users, they equally require a process of service user and stakeholder consultation and each have their own complex challenges in terms of taking forward service and provider changes. A good example of this is the mental health sector, which supports over 300 highly vulnerable mental health service users and who depend on SP providers not only for their support but also their accommodation. Changes in this sector not only require selecting new support providers but also require potentially planning new accommodation, which given the number of vulnerable people involved may take a year to achieve. It's worth noting that the Council is leading extensive consultation with mental health service users on the future of their SP funded supported housing but given the significant nature of many of their conditions this has already taken 6 months.

9.7 Apart from the technical challenges in attempting to take forward such a significant level of procurement in relation to support services for such a large number of vulnerable people, there are undoubtedly significant political considerations associated with changes in services that support so many vulnerable households. Further reporting will be required to the Council Executive on the detailed long term commissioning intentions for much of the Supporting People Programme, before procurement commences.

9.8 Project planning is either already in place or is being developed for many of the key sectors of Supporting People commissioning and these are being developed in line with the Supporting People strategy. These are subject to the scrutiny of the Council's own internal project management framework and the Supporting People Partnership Board.

9.9 Until the programme of commissioning is completed, it is proposed that a further short term contract is awarded to providers of existing SP funded services. These contracts would only be let where the service and provider have met the required level of performance and quality; where it has been assessed that the service meets the Borough's cost effectiveness criteria and a new contract price has been agreed and where the service meets the Borough's key strategic requirements.

9.10 The Supporting People Partnership Board has agreed a robust Value for Money Policy that includes criteria for assessing what are appropriate administrative and overhead costs and appropriate levels of expenditure on support staff costs. The new policy has reduced the upper limit allowed to providers for central overhead costs by 5%. It also includes quality and key performance targets, which providers will be expected to achieve and a framework for measuring outcomes achieved by the service against key Council and provider targets. The revised policy was agreed in September this year by the Supporting People Partnership Board.

9.11 A combination of satisfying the cost criteria and achieving performance targets will determine whether providers will be awarded inflation in the future or whether the Council will seek further cost reductions. The provisions of the policy are reflected in the revised form of contract that will be used for the proposed short term contracts. The Borough's SP Value for Money policy is available by contacting the Supporting People Team.

9.12 Report Part B Appendix 1 details those providers and services that the



Supporting People Partnership Board recommend should continue and therefore should be awarded a new short term contract. However, based on the revised Value for Money policy a further assessment of provider costs is underway, which will be used to determine which services may justify an inflation rise in 2007/08 and which services may be subject to a further contract price reduction. It is proposed that the Director of Social Services should be given the delegated authority by the procurement Committee to approve which providers and services will be awarded an inflation rise in 2007/08, based on the recommendation of the Supporting People Partnership Board following these assessments. It is expected that the further assessment of provider costs will be completed by February 2007.

9.13 Report Part B Appendix 1 also details the dates when the proposed new short term contracts will expire, which is based on the expected completion date of the commissioning and procurement of new services. This in turn is informed by the programme of commissioning set out in paragraph 9.2 of this report. However, the new contract form includes the option to extend the contracts for up to 12 months beyond the expiry date, in the event that the commissioning and procurement of new services is not completed by the expiry date.

9.14 The Committee should note that Report Part B Appendix 1 does not include the contracts covering supported housing services for older people. For the reasons set out elsewhere in the report the commissioning and procurement of services in this sector will take more than the life time of the Five Year Supporting People Strategy to complete. It is therefore not possible at this stage to determine when the new short term contracts will expire. A senior project board currently led by the Interim Director of Social Services has been set up and it's membership includes senior managers from across Housing, Social Services and the NHS TPCT. The project board is drawing up a long term commissioning plan for the older persons supported housing sector, which will be in place in the New Year and this will inform the length of the new short term contracts for the sector. This will be the subject of a further report to the procurement committee.

## **10. Consultation**

10.1 Through the Supporting People Partnership there has been wide consultation with senior manager and officers across the Council, including Housing, Social Services, the Children Service and Safer Communities. There has also been consultation on the proposals with the Council's Corporate Procurement and Finance Services.

10.2 There has also been consultation with senior officers and managers of Haringey's NHS TPCT and the London Probation Service, as well as the Chief Executive of HAVCO. Providers have been consulted with via the Supporting People Provider Forum and Practitioner Group.

## **11. Key Benefits and Risks**

11.1 In many ways the key benefits and risks are already set out in section 9 of this report. However, the key benefits are that awarding further short term contracts to existing

providers will offer the Council and it's partners time to fully consider the potential changes that might be needed in long term SP provision. This includes offering Council members the opportunity to more fully consider the strategic and political considerations, including how best to consult with local residents and service users of the larger Supporting people services. It also provides the Council time to plan for long term changes based upon what is actually known about the Government's long term SP funding intentions and a much fuller assessment of service user and other risks that are attached to certain key sectors of the Supporting people programme e.g. sheltered housing for older people.

- 11.2 The risks are evidently driven by the long term funding uncertainty for providers and their ability to plan their services based on a further short term contract. However, this will be mitigated by the Council continuing to build on it's already well established and strong relationships with providers (evident from the Audit Commission Inspection of the programme) and by having the long term commissioning plans for each client group sector resolved by the beginning of 2007/08.

## **12. Contract and Performance Management**

- 12.1 The quality of Supporting People services are monitored in accordance with the Government's Quality Assessment Framework (QAF). The QAF covers the following areas of policy and practise:

- Support Planning
- Health and Safety
- Managing Risk
- Protecting people from abuse
- Fair access and equal opportunities
- Complaints

The framework includes a detailed set of requirements against each of the above areas of practise that providers are expected to meet. Services are then assessed and are scored according to the following:

- Level A – Leading Practise
- Level B – Good level of quality
- Level C – met the minimum requirements
- Level D – below required standards

Where a service is assessed as providing services that are below the required standard (level D) in any of the above areas, then no new contract of any form will be awarded to the provider of these services. Therefore, Report Part B Appendix 1 does not include any providers or services whose assessed standards are below the minimum requirements. The Procurement Committee should note that the Supporting People Annual Plan for this year includes a requirement that all services should achieve a level B in Health and Safety and Protection from Abuse by the end of 2007 and this is reflected both in the revised Value for Money Policy and the proposed form of contract for the proposed short term contracts. Providers will be expected to achieve

a level B in a further two areas (to be determined as part of the 2007/08 SP Annual Plan) by the end of 2008.

Haringey has uniquely developed a further area of assessment relating to Child Protection arrangements, which was developed jointly by the Supporting People programme and the Council's Children Service and which has been approved by Haringey's Local Safeguarding Children Board. The new Child Protection framework is currently being rolled out to all Supporting People providers (supported by joint training) and it is being applied as part of the current programme of performance visits and assessments. The Procurement Committee should note that other local authorities are adopting the new CP framework developed by Haringey.

12.2 In addition to the Quality Assessment Framework Supporting People services are monitored every quarter against three service performance indicators that focus on the availability of services, the level of service utilisation and support staffing levels. Information against these PIs are collected through a common excel workbook from all providers and the data is directly uploaded into the Supporting People database. Both the workbook and the database are configured according to central Government requirements.

Data is also collected through the same workbook against two key performance indicators. The two KPIs are as follows:

KPI1 - Percentage of service users who have been supported to establish independent living

KPI2 - Percentage of service users who moved on in a planned way

KPI1 applies to services that are intended to offer support for more than two years. An example of this type of service would be sheltered housing for older people, where the measure relates to the success of the support in keeping older people out of hospital, nursing or residential care. A loss of tenancy through a long term admission to residential care would be treated as an unplanned departure and would therefore negatively affect the performance outcome.

KPI1 also applies to non accommodation based support services where the support is delivered to a person living in their own home such as Council tenants, owner occupiers, private tenants etc. An example of this is the HARTS floating support service for families, where the measure relates to the success of the support in enabling the vulnerable household maintain their own home. Where a service user successfully completes a programme of support that perhaps helps them access the services they need or that enables them to remain in their home, then this will positively affect the performance outcome. However, if they fail to complete the programme of support and/or are evicted then this would negatively affect the performance outcome.

KPI2 applies to services that offer short term supported housing or support in temporary accommodation and which is intended to last for less than two years. An example of this would be a supported hostel for the single homeless, which is intended to prepare a vulnerable homeless household for move on to more permanent housing.

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Where a service user does move on to their own permanent accommodation in a planned way, then this would positively affect the performance outcome. However, if a service user is evicted from the service then this would negatively affect the performance outcome.

The Council has undertaken a detailed analysis of both KPIs but with a particular focus on unplanned departures. This was done in order to set future targets for all services but was also done in order to understand the reasons for good and poor performance with a view to developing future good practise amongst all services. Based on this analysis three stretch targets for each sector and individual services have been set and as stated elsewhere in this report, these have been reflected in both the Value for Money Policy and the new SP contract form.

- 12.3 A programme of performance visits covering all 153 Supporting People services has been set up by the Council's Supporting People Team for 2006/07 and 2007/08 and this has been approved by the Supporting People Partnership Board. The visits assess all of the key elements of the Quality Assessment Framework (QAF) and the assessment includes looking at provider policies, interviews with managers and staff, examination of staff and training records and interviews with service users. The visits also look at the robustness of records used to inform the service performance indicators and key performance indicators and where there are concerns about either records or performance these are directly addressed with the provider.

Following the visits an action plan is drawn up with the provider to address any areas of weakness in the QAF or performance and a report is submitted to the Supporting People Partnership Board. The action plans are closely monitored by the Supporting People Team and updates on progress submitted to the SP Partnership Board at every meeting. The visits also provide an opportunity for providers to raise any concerns or issues they have about the contract and the related services and about the Council's management of the contract.

- 12.4 In addition to the performance visits quarterly performance reports covering the SPIs and KPIs are submitted to the SP Partnership Board that cover the programme's overall performance, including regional and national comparisons and year on year trends. Providers whose performance is below agreed targets are highlighted with either an explanation for their poor performance and/or proposed actions for addressing their performance.

- 12.5 The Council has developed a unique outcome performance framework that measures the outcomes achieved for individual service users and which assesses the contribution these make to achieving key Government, Council and partners targets. The framework also assesses whether Supporting People services achieve savings on other non SP funding streams e.g. savings associated with preventing an eviction or hospital admission. The framework has been successfully piloted this year with three of the larger SP services and a further pilot of a further seven service is currently underway. The plan is to roll out the framework to all other service by next April. The new SP contract form includes monitoring the contribution of Supporting people services to strategic targets.

12.6 The Council offers a significant level of support and assistance to SP providers and services, particularly small providers, to assist them with improving their services and to ensure they can manage all of the contract and performance requirements. This includes a regular provider forum, regular training on key service and performance issues, open advice surgeries and regular engagement with the Borough's Practitioner Group, which includes leading providers and representation from each key sector of providers. A small provider network is also in place that offers targeted training and support and a system of provider mentoring, where leading providers offer both advice but also direct management support. The training delivered to small SP providers has covered the Quality Assessment Framework and how to prepare for procurement and tendering.

### **13. Summary and Conclusions**

13.1 The Council has completed a robust programme of Supporting People service reviews and this combined with the Borough's highly regarded Five Year Supporting people Strategy ensures that the Council and its partners have a sound basis for planning future commissioning and procurement.

13.2 The Council has a proven track record in delivering significant improvements in the quality and performance of Supporting People services and in delivering significant cost efficiencies. Again this track record provides a sound foundation for the future procurement of Supporting People services.

13.3 However, given the significant size of Haringey's Supporting People programme, the number of contracts and services it funds and the large number of vulnerable households who depend on SP funded support, there is a need for a carefully planned programme of commissioning and procurement, which fully takes account of the risks associated with changing services for vulnerable people.

13.4 Haringey does have a robust commissioning and planning framework to support the long commissioning of Supporting People services and this was confirmed by the recent Audit Commission of Inspection of Haringey's programme. However, it is likely to take time to fully realise what services are needed, what changes are required in existing services and how to plan these changes. There is also a need for time to consider what the likely impact will be of long term funding changes, which any future Government funding formula might bring. It is likely that following the completion of the Government's current spending review, the Government will announce its long term SP funding intentions by March next year.

13.5 The waiver to the Council's normal tender requirements and the award of short term contracts for existing service providers, who pass the Borough's strategic and value for money tests, will give the Council and its partners time to properly plan these changes and come back to both the Council Executive and Procurement Committee with a robust plan for the long term Procurement of Supporting people services.

### **14. Recommendations**

14.1 That Members approve a waiver to Contract Standing Orders on the ground set out in CSO 7.3 d) i.e. that it is in the Council's overall interest.

14.2 That Members award new short term contracts to providers of existing Supporting People services, detailed in Part B Appendix 1 of this report, who have met the Borough's quality, performance, cost and strategic thresholds and requirements, for a contract period commencing on 1<sup>st</sup> April 2007, and terminating on the respective expiry dates set out in Part B, Appendix 1.

14.3 That Members delegate to the Director of Social Services and Housing the authority to approve inflation rises, in relation to Supporting People contracts and services where the Director, on the recommendation of the Supporting People Partnership Board, is satisfied that the providers have fully met the Borough's Value for Money criteria.

## 15. Equalities Implications

15.1 Supporting People service providers have been asked to submit detailed returns on their service users, covering the following equalities information:

- Ethnicity
- Gender
- Languages spoken
- Religion
- Disabilities
- Sexual Orientation

15.2 Most providers have provided data on ethnicity and gender. However, data on secondary disability, languages spoken by service users, sexual orientation and religion has proved to be more difficult to collect and the Supporting People Team is undertaking a further data collection exercise to get a full return against these categories. The team is also pursuing equalities data regarding referrals and rejections of service users. This exercise is scheduled to be completed by January 2007, with an action plan being put in place to address and examine further any evident over and under representations of particular communities and groups.

15.3 However, the following findings have emerged from the ethnicity monitoring:

- The proportion of Supporting People service users that identified themselves as black Caribbean, black African and black British, is much greater than the proportion of these communities in the overall Haringey adult population.
- 32.94% of SP service users identified themselves as white British, compared to the overall Haringey adult population of 45.28%.
- Over one third of all Supporting People service users identified themselves as white other. This is likely to include Turkish, Greek

Cypriot, Turkish Cypriot, Kurdish and households from Central and Eastern Europe.

- A significant proportion of older person households supported by Supporting People services come from the black Caribbean, Chinese, Indian, Irish and Greek Cypriot communities.
- However, the number of black African older person households in supported housing is less than half of it's overall Haringey adult population.
- Black Caribbean and black African households make up more than 50% of service users supported by single homeless related services, compared to an overall Haringey adult population of 17.5% and only 10% of single homeless service users identified themselves as white British (Haringey population – 45.9%)
- 26.74% of service users in mental health related supported housing identified themselves as black Caribbean, which is over double the proportion of the overall Haringey adult population that are black Caribbean and there is a higher proportion of Black African service users in mental health services, than the overall Haringey population
- 50% of service users of supported housing for people with learning disabilities are white
- Less than 7% of service users supported by services for people with physical disabilities are black Caribbean, which is lower than the overall proportion of the Haringey adult population
- There are significantly more service users in supported housing projects for offenders from the Caribbean and African communities and in services for young people at risk

15.4 There are some significant over representations of particular ethnic groups in certain sectors and this includes services for people with mental health problems, the homeless, young people at risk and offender services. Further work will be undertaken across Supporting People, the Council Housing Service, Health, Social Services and criminal justice services, to understand whether this reflects the ethnic make up of service users of non SP funded services and whether this is in line with national trends.

15.5 This will be used to understand why certain ethnic groups are more likely to end up needing Supporting People type support; why other groups do not access these services and whether there is a need for other statutory and non statutory services to improve what they do to prevent tenancy failure; the need for secondary mental health services and hospital admissions etc. It will also be used to inform service development and commissioning intentions and is already being applied to the development of the service specifications for the new mental health services, which are due to be put in place by March 2008, with regard to policy and practise that understands the needs of Caribbean and African service users.

15.6 The programme already offers a significant diversity of services that cover virtually every single vulnerable and hard to reach client groups. In additions to a wide range of supported housing services, the programme offers direct access floating support that is open to self referral over the telephone. These services

are designed to work with any vulnerability and disability and are also required to provide support workers who can speak the full range of community languages. The programme also supports a number of small mostly BME led community organisations, which offer culturally specific support services.

15.7 The Supporting People Five Year Strategy includes detailed equalities analysis for both the programme overall and for each sector of services. This is being used to inform the Supporting People Partnership Board's approach to future commissioning and this is further augmented by specific needs research in areas where there is a deficiency of qualitative information. This combined with the provider evaluations referred to above offers the Borough a robust framework for developing future services and contracts to address any gaps in provision.

## **16. Health and Safety Implications**

16.1 As discussed in section 12 of this report all services have been assessed against the Government's Supporting People Quality Assessment Framework, which sets out robust requirements and standards for the delivery of support services. This includes Health and Safety, Risk Management and Protection from Abuse Arrangements. Services that have not met the required standards have either been decommissioned or are subject to regular monitoring and performance supervision. No contracts will be offered to providers whose services are below the required standards. All services that continue to fall below the required quality standards are currently being reassessed and where the assessment shows that they have not met the standards, then they will be decommissioned.

16.2 This years programme of performance visits will focus on getting providers up to the next level of performance (Level B – Good) in Health and Safety, Risk Management and Protection from Abuse. In addition to the assessments and related improvement planning, providers will be offered further good practise training (some of which will be offered sub-regionally) and mentoring by leading practitioners in the programme. A mentoring scheme is already in place organised through Haringey's SP Practitioner Group and the Borough's small provider network, which is facilitated by the Council's Voluntary Sector Service.

16.3 Regular 6 weekly highlight reports are submitted to the Supporting People Partnership Board that detail the progress being made by all services and which highlight services that continue to cause concern. This combined with the on-going monthly and quarterly monitoring of services has provided an effective mechanism for robustly addressing health and safety concerns and risk issues. A service risk register is also in place that details the risks associated with each service and the impact of those risks, which has been used to determine the programme of performance visits. Reporting against this register is incorporated into the highlight reports to the SP Partnership Board.

16.4 With regard to supported housing projects and hostels the Supporting People Team work closely with the Council's Environmental Health Service, including the HMO Enforcement and Food Safety Services and referrals are made by the Team where concerns arise regarding the quality of accommodation etc. during performance visits.



Actions arising from follow up inspections are then monitored by the Supporting People Team.

## **17. Sustainability Implications**

17.1 The Supporting People contracts and services support services a broad range of vulnerable and socially excluded households across 19 vulnerable clients groups, from older people living in sheltered housing through to teenage parents living in supported tenancies. These services have a major impact in enabling these households to live safe and fulfilled lives in the community and play a major part in supporting community cohesion and sustainability. This is achieved through their close working with other statutory and non statutory agencies to ensure that vulnerable people get all the services and resources they are entitled to. Their involvement in the early identification of risks and in challenging behaviours that may cause a vulnerable service user to loose their home or breakdown in the community, is also key in supporting community cohesion.

17.2 An inherent part of the strategic review of existing services referred to in paragraph 8.5 will focus on the SP Five Year Strategy's key strategic themes, which are to;

- complement and dovetail with statutory services
- prevent, or combat the effects of, institutionalisation and homelessness
- promote social inclusion amongst deprived households
- meet the needs of a diverse Borough
- help to promote community safety

Those services that can clearly demonstrate a significant impact in these areas will continue. All these themes are key to delivering the Council's community sustainability objectives and evidence from the Supporting People service reviews and the outcome monitoring framework developed by the Council already shows that Supporting People services are making a significant impact in these areas.

## **18. Financial Implications**

18.1 Refer to section 8 of this report.

## **19. Comments of the Director of Finance**

19.1 The 2006-07 programme grant for Supporting People is £21.74m. The programme is anticipated to overspend by £0.5m in this financial year, however this will be contained against previous year's grant underspends that have been carried forward within the DCLG ring-fencing arrangements. It is anticipated that £0.6m underspends will be carried forward into 2007-08 under the same ring fencing arrangements. The grant in 2007-08 has been notified at £21.3m. The total resources therefore available to the programme in 2007-08 is £21.9m.

19.2 In 2007-08, the projected expenditure on the programme is estimated to be £22.2m before any efficiency reviews. This will give an overspend of £0.3m if

efficiencies are not achieved. The Board has identified planned efficiencies of £0.5m, net of inflation, as set out in paragraphs 8.3 and 8.4 of this report which, if achieved, will give a small surplus on the 07-08 programme of £0.2m to be rolled forward into 2008-09.

- 19.3 At this stage, the allocations for 2008-09 are unknown, but it is likely that the Government will seek further reductions in the programme grant that will need to be met through further reviews of the programme in line with the overall commissioning intentions of the five year strategy. The proposals set out in this report facilitates the Council's responsibility for administering the grant within the available resources.

## **20. Comments of the Head of Legal Services**

- 20.1 The Supporting People services to which this report relate are categorised as non-priority services under the Public Contracts Regulations 2006, therefore there is no requirement to tender the contracts in the EU. There is however a requirement under the Council's Contract Standing Orders to tender such contracts.
- 20.2 This report is seeking a waiver of Contract Standing Order 6.3 (requirement to tender) in relation to the contracts for the provision of the services.
- 20.3 The request is made on the basis that it is in the Council's overall interest in accordance with CSO 7.3 (d), because it will facilitate the letting of short-term contracts - necessary to bridge the gap between expiry of the existing contracts on 31<sup>st</sup> March 2007 and completion of a fresh competitive tendering process in respect of the services - to existing providers of Supporting People services who have met the Council's requirements in terms of quality, performance and cost.
- 20.4 The Procurement Committee has the power under CSO 7(2) (a) to grant the waiver provided it is satisfied that it is in the Council's overall interest.
- 20.5 Should the request for a waiver be granted, the report further seeks that Procurement Committee award short term contracts for the provision of the services to the respective existing providers listed in Part B Appendix 1, for a period commencing from 1<sup>st</sup> April 2007, and terminating on the respective expiry dates set out in the last column of Part B Appendix 1 of this report.
- 20.6 The Procurement Committee has the power under CSO 11.3 to award the contracts.
- 20.7 This report states that increments, in line with inflation, may be recommended in respect of some of the contract prices set out in Part B Appendix 1 of this report, following the current assessments of service provider costs due to be completed in February 2007.
- 20.8 The report recommends that Procurement Committee grants delegated authority to the Director of Social Services and Housing to approve such increments in respect of the contract prices currently set out in Part B Appendix 1 of this report, as the Supporting People Partnership Board may recommend following the assessments.

20.9 The Procurement Committee has the power under Section 15(7) of the Local Government Act 2000 to delegate any of its powers to officers.

20.10 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in Paragraphs 3 and 14 of this report.

## **21. Comments of the Head of Procurement**

21.1 This request is in line with the procurement code of Practise

21.2 The contract management system that is in operation is comprehensive and will minimise any risk of contractual non compliance

21.3 The recommendations in the report represent best value to the council in taking a long term strategic approach, which delivers efficiencies and quality services.

21.4 Corporate Procurement were involved and support the supporting people procurement strategy.

## **22. Use of Appendices / Tables / Photographs**

22.1 Part B of this report contains exempt information – Details of proposed Supporting People contracts covered by this report

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Agenda item:

**Procurement Committee On 13/02/07**
**Report Title:** Passenger Transport Services - Award of contract – **(Part A)**
**Forward Plan reference number (if applicable):**
**Report of:** The Director of the Children and Young People's Service

**Ward(s) affected:** All – this service is available to residents of all wards

**Report for:** Non-Key Decision

**1. Purpose**

1.1 To seek Member agreement to award the contract for externally provided passenger transport services, within an overall Framework Agreement.

1.2 To inform Members of the evaluation process used to determine the successful providers for provision of this service.

**2. Introduction by Executive Member**

2.1. The re-tendering of this externally provided passenger transport provision will have a positive impact on our most vulnerable service users and will enable higher quality service delivery without increasing costs.

2.2. The cost reductions will be used for quality improvements and for ensuring that services can remain within budget.

2.3 The delivery of centrally managed taxi services to staff across the Council, will ensure greater adherence to procurement regulations and greater financial accountability for the Council as a whole.

2.4 I recommend that the Committee agree this report.

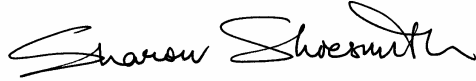
**3. Recommendations**

3.1 That Members agree to award the contract for the above project, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 14 of this report.

3.2 That the contract be awarded for a period of 4 years.

3.3 That Members note the process for the allocation of routes, with effect from 1<sup>st</sup> April 2007.

**Report Authorised by:**



Sharon Shoesmith  
Director  
The Children and Young People's Service

**Contact Officer:** Maria Hajipanayi  
Head of Operational Commissioning, Contracts  
and Business Management  
020 8489 3208

#### 4. Executive Summary

4.1 A Restricted Tender process was initiated in August 2006. Stage 1 - Pre Qualification Questionnaires [PQQ]: 27 providers submitted a PQQ and 18 providers were short-listed.

4.2 Stage 2 – the 18 short-listed companies (A to R) were invited to submit a tender: 17 tenders were received and one provider withdrew, (Company R). Following an in-depth tender evaluation process 10 suitably qualified and experienced providers (Companies A to J) have been identified to provide passenger transport services across the vehicle type lots which they bid for, and one (Company P), has been selected to provide ad hoc coach services only, to enable competitive quotations to be received. These 11 providers and the lots tendered for are shown (shaded) in **Appendix 1. (N.B. This is exempt information and is included in Part B of this report).**

4.3 All 11 successful providers will be awarded a contract under a framework agreement, for a contract period of four years. A contract does not guarantee any work at all, and contractors will be advised of this fact when the routes are allocated. The process for allocation of routes to the successful contractors is exempt information and is in **Part B of this report.**

4.4 The Transport Project Board is confident that the quality of provision will increase, not only as a result of the monitoring process which has been put in place, but as a result of the documentation and systems which have been developed as part of the Invitation to Tender document and the stringent evaluation process which the providers were assessed against. Additionally, the inclusion of new providers has introduced a competitive aspect as well as broadening the type and range of provision which can be delivered across the Council by the JTPU.

**5. Reasons for any change in policy or for new policy development (if applicable)**

5.1 N/ A

**6. Local Government (Access to Information) Act 1985**

6.1 The following background documents were used in production of this report:

- The Best Value Review of Transport Services 1999
- Passenger Transport Services Specification
- Passenger Transport Services Tender Evaluation Information

6.2 See Part B for exempt information.

**7. Background**

7.1 A Best Value Review of Transport Services was completed in 1999. It recommended that for management and operational purposes, Passenger Transport Services be transferred from Environmental Services to Education Services [now Children and Young People's Services]. The transfer took place in September 2001 and the Joint Transport Planning Unit (JTPU) was created.

7.2 The JTPU currently commissions its passenger transport service by utilising a mixed provision of the in-house service, (also line managed by the Children and Young people's Service), and a range of external providers. It undertakes route planning, the procurement and management of external contracts, the deployment of the in-house fleet of 25 vehicles and the recruitment, training and deployment of escorts, all serving some of Haringey's most vulnerable residents. The costs of the service are aggregated and re-charged out to the appropriate departments, on the basis of their average percentage usage.

7.3 The JTPU seeks to provide transport that is safe, secure and reliable principally for vulnerable children, young people and adults, who have a wide range of special needs including learning, physical or behavioural difficulties at all levels, to and from schools and other educational establishments both inside and outside the Haringey Borough. Services required also include:

- Taking mainstream pupils between schools and swimming baths
- Taking vulnerable people requiring a variety of appointments for assessments, respite visits and therapy sessions
- Transport to and from after school clubs or to visit parents and relatives
- Delivery of school post between schools or other educational or Council establishment.
- Delivery of school meals to schools without kitchen facilities
- Taxi/Minicab services for Council staff

- Ad hoc transport services for other passengers within the Council and on behalf of service users
- 7.4 As part of the re-tendering exercise of the existing contracts, the in house service is also being reviewed/benchmarked alongside this process.
- 7.5 10 different external providers currently provide the service with the routes being distributed amongst them. It is unlikely that one company would be able to provide a comprehensive and flexible enough service. Therefore the tender was divided into lots and individual routes. Bidders were asked to indicate the maximum number of routes they wished to bid for and indicate prices for each of these routes. Bidders can only be awarded routes to a maximum of 25% of their turnover. The lots were as follows:
- Minicabs (including 7-seater MPVs)
  - Standard Minibuses
  - Accessible Minibuses
  - Coaches

## 8. Budget

- 8.1 The value of the externally provided client based transport service only in 2005/6, (excluding administration/uplift and any escort provision), was £2,207,304. For 2006/7, this is estimated at £2,109,090. From 2007/8 onwards, the value of this provision overall, is difficult to predict, as the service will be provided differently and as routes change on a regular basis. (See also paragraph 8.2 below).
- 8.2 A mini review of current transport needs and provision was carried out in September 2006, which resulted in a rationalisation of routes and a corresponding decrease in the value of the external contracts.
- 8.3 A cost analysis of the routes current provided by external contractors, based on the prices received from the tender exercise, is detailed in **Part B of this report, (exempt information)**.
- 8.4 As contract prices have reduced as a result of this re-tendering exercise, this will also be reflected in budgets across the Council, when procuring ad hoc and minicab services, hence the inclusion of Council-wide provision within this Children's Services tendering exercise.

## 9. Description of the Procurement Process

- 9.1 A restricted tender process was initiated in August 2006. This followed intensive market testing and stakeholder consultation. The tender process was undertaken in two stages, as outlined below:
- 9.2 A contract notice was issued to the OJEU and advertisements placed in 2 local papers and the Council's website asking for expressions of interest.
- 9.3 42 expressions of interest were received by the closing date.



Stage 1 – Pre-Qualification Questionnaires

- 9.4 27 completed PQQ questionnaires were received within the required timescale. These submissions were subjected to an evaluation process including specialist evaluations in compliance with the Council's agreed evaluation criteria.
- 9.5 18 contractors (a mix of existing and new organisations) were short-listed at the PQQ evaluation stage and were invited to tender. These are listed in **Appendix 2. (Exempt Information – Please see Part B)**

Stage 2 – Invitation to Tender

- 9.6 Invitations to Tender were issued to all 18 companies on 6/11/06. In line with the Council Tendering process the tender documents consisted of –
- Form of tender
  - Instruction to tender
  - Framework agreement
  - Service specification
  - Service Delivery Objectives
  - Price, Route & Rate schedules

Evaluation of Tenders

- 9.7 The 17 tenders received (one Company withdrew) were evaluated against the selection criteria included in the Invitation to Tender, and accordingly weighted. The criteria for evaluation and comparison of tenders is attached as **Appendix 3** to this report. The tenders were evaluated by a range of officers, with specialist knowledge and expertise of the different areas. Each criterion was awarded a score of between 1 and 5, as shown, and formed the basis for the Stage 1 evaluation of the tenders. Stage 1 was undertaken purely on the basis of the tender bid submitted.
- 9.8 The second stage of the evaluation process consisted of two site visits to each organisation: The first visit was to gather evidence and ascertain whether the organisation would be able to deliver the service in accordance with the contract specification, and included an inspection of records and the clarification of information already provided. The second site visit inspected the vehicles and associated vehicle maintenance documentation. The same criteria and scoring system was used for Stage 2 and each organisation was asked the same series of questions.
- 9.9 The final scores were then calculated and weighted accordingly, against the agreed criteria. These scores (in descending order), together with the vehicle type 'lots' which each organisation tendered for, is attached as **Appendix 1 – See Part B – Exempt Information.**

- 9.10 The first 10 organisations shown in Appendix 1, (Companies A to J), achieved above the cut off point score, **(exempt information – see Part B)**, and can automatically be included in the new framework agreement to deliver passenger transport services on behalf of the Council.
- 9.11 It is proposed that one more provider (Company P) be included within the framework agreement, but for the provision of **ad hoc coach services only**. 3 of the 17 companies tendered for coach provision, only two of which achieved above the cut off point score. In order to increase the capacity of the Council to meet its coach service provision requirements, including on an ad hoc basis, all three companies will be included in the framework agreement.
- 9.12 There are therefore 11 proposed contractors within the framework. Contracts will be awarded for a 4 year period, commencing from 1<sup>st</sup> April 2007, with no option for extension, in accordance with EU regulations. (These contractors are shown as shaded in **Appendix 1- Exempt Information in Part B**).

## 10 Consultation

- 10.1 A stake-holder group was established early on in the re-tendering process, (in March 2006), which included officers from each of the client departments, including SEN, Administration, School Swimming, Catering and Social Services, as well as colleagues from the Corporate Procurement Unit. This explored the current issues, what clients wanted from the service, how quality improvements could be made and what type of future provision might be needed.
- 10.2 A 'Meet the Buyer' Event was held in April 2006, to test the market, ascertain what potential providers existed, gain views of how the service could be delivered and consult upon what could be included in the tendering process. Feedback has indicated that this event proved useful for both providers and Council staff, and set the scene for the tendering process which was to follow, also ensuring that companies were engaged from the outset.
- 10.3 A Transport Project Board was then established, to oversee the tender process. It met monthly initially, but more often in the latter stages of the process. The Board will continue to meet as required throughout the life of the contract and will also oversee the benchmarking process and other transport related matters. Membership is as follows:

Ian Bailey – Deputy Director, Business Support and Development (Chair)	Children and Young People's Service (CYPS)
Maria Hajipanayi – Head of Operational Commissioning, Contracts and Business Management	CYPS
Phil DiLeo – Head of Additional Needs and Disabilities	CYPS
Steve Barns – Acting Head of Property and Contracts	CYPS
Omar Syed – Budget Manager	CYPS
Kim Sandford - Head of Procurement Projects	Corporate Procurement Unit

Beverley Tarka - Learning Disabilities Service Manager	Social Services
Steve Davies - Deputy Head of Personnel	Corporate Personnel
George Liveras – CYPS IT business partner	IT Services

## 11 Key Benefits and Risks

### Benefits

- 11.1 There are many benefits to be realised from this re-tendering process, as follows:
- A reduction in cost is expected from this process: for the tendered routes; for subsequent routes; and for ad hoc and minicab services procured for the wider Council. Prices within the contract will be maintained for a period of 4 years (inflationary uplifts aside).
  - New providers have been able to be brought into the framework agreement, to join the existing providers retained, all of which have been thoroughly and transparently evaluated against the published selection criteria;
  - The quality of provision to our most vulnerable clients and to Council staff will undoubtedly improve, due to the competitiveness of the process, the stringency of the criteria and the increased management and quality monitoring capacity within the Joint Transport Planning Unit of the Children and Young People's Service.

### Risks

- 11.2 There are risks involved, particularly if new untested providers are allocated routes, which they are subsequently unable to deliver. This risk will be minimised by the quarterly monitoring of each contract and the enhanced capacity within the Joint Transport Planning Unit. (see Paragraph 12.2 below).
- 11.3 Providers who fail to meet our contract requirements, risk their route(s) being reallocated to another organisation, hence the need to ensure that adequate capacity is built in for each of the four 'lots' to be delivered.

## 12 Contract and Performance Management

- 12.1 These contracts will be monitored on a quarterly basis to ensure performance targets are met in accordance with the contract and using the quality framework agreed for The Children and Young People's Service.
- 12.2 The Joint Transport Planning Unit will oversee the provision of passenger transport services across the whole Council. The Unit will undertake quarterly monitoring and performance management of all external providers' contracts as well as that of the in-house service, which will also be benchmarked against this

provision at a future date. There will also be an annual review of the overall service. The capacity of the JTPU will be increased to ensure efficient administration and quality assurance.

### **13 Summary and Conclusions**

- 13.1 The Tender process was initiated in August 2006. Following an in-depth two-stage evaluation of the tender documentation and 2 site visits to each organisation, 11 providers have been identified as best able to provide the externally contracted passenger transport service for the next four years. These organisations adequately cover the range of provision required under the specified 'lots', and are shown as shaded in **Appendix 1 (exempt information in Part B)**.
- 13.2 A range of benefits will be realised as a result of this process, as have already been outlined in this report.
- 13.3 The services of the JTPU will be promoted across the Council, to ensure that staff and Members are aware of what can be offered. Not only can the passenger transport/minicab be procured, but the invoices from providers can be checked and authorised for payment against journeys undertaken, allowing for better compliance, less work for each individual department and better co-ordination and ability to assess the value of each contract. However, if other Council departments wished to procure these services directly, within the framework agreement, then they can of course make their own arrangements with the successful contractors.
- 13.4 The selection of the Contractor for each route will be by call off where the prices have already been submitted and by mini-competition for ad hoc routes.

### **14 Recommendations**

- 14.1 That Members agree to award the contract Passenger Transport services to each of the 11 contractors shown as shaded in Appendix 1 of this report, each for a term of 4 years.

### **Equalities Implications**

- 15.1 The bids have been evaluated against the criteria set out in the pre qualification questionnaire and the evaluation document, which include an assessment of each organisations Equal Opportunities Policies and guidelines.
- 15.2 Regular quarterly monitoring of the contractors by the Council will ensure that they comply with the Council's Equal Opportunities Policy and in particular the Race Equality Scheme and the Race Equality Standard.
- 15.3 This service is mainly provided to our most vulnerable children, young people and adults. The expected increases in quality will directly benefit all our clients, whether it be regarding better quality and greener vehicles, a more appropriate and more rapid response to the needs of the service users en

route, better procedures for risk assessment of passenger needs and the routes themselves and so on.

## **16 Health and Safety Implications**

- 16.1 The contractors have been measured and assessed against the evaluation criteria outlined in the pre qualification questionnaire documentation
- 16.2 Effective management of the contract will ensure compliance at all times, to the relevant Health and Safety Legislation.
- 16.3 The protection of children, young people and vulnerable adults is paramount across this service, and all drivers working on Council routes will have to have an enhanced CRB check. This was a key aspect of the documentation received and all record-keeping was checked at the site visits. This will continue to be a key aspect of the monitoring process and all new drivers will need to be notified to the Joint Transport Planning Unit, with verification that they have passed the CRB process.

## **17 Sustainability Implications**

- 17.1 Environmental sustainability was an important aspect of the tender, as can be seen from **Appendix 3**. Issues examined included conservation, recycling, waste minimisation, green procurement and sustaining the local economy. The site visits also concentrated on the quality of the vehicles used, fuel emissions and future planning to meet the needs of new legislation from 2008.

## **18 Financial Implications**

- 18.1 Some of these have already been detailed in Section 8. Additional implications are shown in **Part B of this report (exempt information)**.
- 18.2 It is also expected that once contracts have been awarded, further work can be done with the contractors to look particularly at the routes being used for transport to reduce overall costs still further.

## **19 Comments of the Director of Finance**

- 19.1 Transport costs incurred by the Children and Young People's Service are collected within a holding account managed by the Joint Transport Planning Unit (JTPU) and subsequently charged out to service users across the totality of the Council, and schools. Reductions in overall costs resulting from this re-tendering exercise should reduce the re-charges.
- 19.2 The Committee's attention is drawn to the fact that award of this contract will produce savings that will benefit all users of external transport services.
- 19.3 The use of the savings needs to be considered and reported appropriately as part of the budget setting process for 2007/08. Any saving reported in Part B of this Agenda Item must go towards the corporate savings target for procurement savings across the Council.

## **20 Comments of the Head of Legal Services**

- 20.1 The Contract is above the EU threshold of £144,450.00 under the Service Regulations 2006 (Regulations), so must be tendered under the EU rules.
- 20.2 The recommendation is for the approval of a framework agreement for 4 years. A framework can be established under the Regulations, the framework was advertised under the EU regulations and contractors who were selected for the framework have gone through a MEAT evaluation (most economically advantageous tender).
- 20.3 As the value of the framework is in excess of £250,000 the award must be approved by the Procurement Committee in accordance with Contract Standing Order 11.3.
- 20.4 In accordance with the Regulations the selection of contractors will be by call off where prices have been determined and mini competition for the ad hoc routes.
- 20.5 The Head of Legal Services confirms that there are no legal reason preventing members from approving the recommendations set out in paragraph 3.
- 20.6 The Head of Legal Services confirms that there are no leasehold issues affecting this report.

## **21 Comments of the Head of Procurement**

- 21.1 Corporate Procurement have been fully involved in the Procurement of this service and confirm that this procurement has been carried out in line with the Procurement Code of Practise.
- 21.2 The setting up of framework agreements for the provision of passenger transport will minimise the risk to the council of service failure, ensure ongoing competition and ensures all appropriate safeguards are in place for service users and council officers.
- 21.3 The evaluation process shows a thorough evaluation based on a qualitative basis. The lower level of inclusion within Ad hoc provision by coaches is acceptable as it minimises risk of service failure to the Council, but needs to be carefully monitored to ensure the quality of service is not compromised.
- 21.4 Contract monitoring has been put in place to ensure contract compliance and to ensure that supplier relationship management is utilised to ensure ongoing developments within the service.
- 21.5 The review/benchmarking of the in house service provision needs to be timetabled in to report its recommendations to Procurement committee.

## **22 Use of Appendices / Tables / Photographs**

- 22.1 Appendix 1 – Evaluation Scores by ‘Lots’ **(See Part B – exempt information)**

Appendix 2 – Short-listed applicants after PQQ Stage (**See Part B – exempt information**)

Appendix 3 - Evaluation Criteria and Comparison of Tenders

**22.2 Part B of this report contains exempt information.**

Appendices 1 and 2 are attached to Part B of this report

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# REPORT TEMPLATE: PROCUREMENT COMMITTEE

**HARINGEY COUNCIL**

Agenda item: **[No.]**

**Procurement Committee**

**On 13/02/07**

Report Title: **Construction Related Consultancy Services (Part A): Award of contract**

Forward Plan reference number (if applicable): **[add reference]**

Report of: **Head of Procurement**

Ward(s) affected: **All**

Report for: **Non-Key Decision /  
Procurement Committee**

## 1. Purpose

1.1 To seek Member agreement to extend the contract for Construction Related Consultancy Services for a period of one year. This Framework Agreement provides a contractual mechanism for all Council Directorates to select construction related consultancy services and advice without the need for further competition. It should be noted that the appointment of companies under this arrangement does not provide a binding commitment to award work.

## 2. Introduction by Executive Member

2.1 I recommend that the committee extend the contract for Construction Related Consultancy Services for a further year while the Construction Procurement Group considers the market and proposes the most suitable model for future years. I expect to see the recommendations for the future agreement within the next year.

## 3. Recommendations

3.1 That Members agree to extend the contract for the above project, as allowed under Contract Standing Order (CSO) 13.02, in accordance with the recommendations in paragraph 14 of this report.

3.2 That the contract be extended for a further 1 year period.

Report Authorised by: **[Director of Finance (Include signature here)]**

Contact Officer: **David Mulford, Construction Procurement Group Manager  
(Tel. 020 8489 1037)**

#### **4. Executive Summary**

- 4.1 The CRCS framework agreement was set up by the Construction Procurement Group in April 2004 to provide construction consultancy for projects across all directorates.
- 4.2 The report seeks the approval from the Leader in consultation with Executive Member for Finance to extend all contracts for the CRCS framework agreement.

#### **5. Reasons for any change in policy or for new policy development (if applicable)**

5.1 N/A

#### **6. Local Government (Access to Information) Act 1985**

6.1 List of background documents:

Construction Related Consultant Report January 2000. Report on Technical Services Design Fees.

#### **7. Background**

7.1 The procurement for Construction Related Consultancy Services (CRCS) was carried out by the Construction Procurement Group (CPG) on behalf of all clients across the Council who commission construction design services. This was advertised within the Official Journal of the European Union (OJEU) in 2003. Subsequently after an evaluation and tender process 19 consultants were appointed to provide consultancy services for 6 fields of construction expertise.

7.2 These fields are:

- Design Led Consultancy Services
- Multi Discipline Consultancy Services
- Quantity Surveying Services
- Structural Engineering Consultancy Services
- Project Management Services
- Planning Supervisor

#### **8. Budget**

8.1 The budget allocated to each capital project or revenue funded project should include an allocation for professional fees for construction works by the client.

8.1 There is no budgetary implication of extending the term of contract for the framework agreement by one year.

#### **9. Description of Procurement Process**

The selection process previously completed for the consultants on the framework agreement is detailed below.

## **9.1 Pre-Qualification for submissions of tender**

- 9.1.1 In accordance with the Public Services Contracts Regulations 1993, advertisements were placed in the Official Journal of the European Union (OJEU) on 21/05/03 and in Building Magazine on 13/06/03. All interested contractors were required to complete a pre-qualification questionnaire
- 9.1.2 Following the evaluation of returned pre-qualification questionnaires 38 companies were invited to tender of which 27 provided responses by the due date of 26/01/04.

## **9.2 Tender Evaluation**

- 9.2.1 The bids submitted were subjected to a detailed evaluation under the Council's agreed criteria and in compliance with Council standing orders. The evaluation process consisted of the following stages:
- Quality (70% of overall score)
  - Pricing (30% of overall score)
- 9.2.2 The Quality evaluation consisted of the following areas:
- Practice or Company
  - Project Organisation
  - Key Project Personnel
  - Project Execution
- 9.2.3 The Pricing evaluation was based on pricing matrices submitted by the tenderers, which included three elements. These were:
- Fee percentages
  - Lump sums
  - Hourly rates
- 9.3 The framework agreement was let on a 3-year term with the option to extend for up to three further 1 year periods. The intention of the report is to extend the contract for 1 year in order to allow sufficient time to assess the requirements of the Council, in line with market conditions.

## **10 Consultation *(if applicable)***

- 10.1 All directorates across the Council were originally consulted during the preparation of the CRCS contract. The contract is continuously used by all directorates for construction consultants.

## **11 Key Benefits and Risks**

- 11.1 Key Benefits: The key benefit of the framework agreement is that the consultant can be appointed to a project expeditiously at agreed rates.

- 11.2 Risks: The key risks are that the consultants' fees have not been competitively benchmarked against the industry as it currently stands although fee scales for urban regeneration works have recently been received.
- 11.3 Risks: The high input to administer the current number of consultants will continue until a review is undertaken during the forthcoming year, before the replacement CRCS contract is in place.

## **12 Contract and Performance Management**

- 12.1 Overall contract and performance management is overseen by the Construction Procurement Group, although it is the direct project responsibility of the client project officer to monitor the progress of each project.

## **13 Summary and Conclusions**

- 13.1 This report seeks to obtain Member approval to extend the CRCS 2004 framework agreement contract to allow the planned extended use of all companies thereon. This will allow time for further consideration of the market, and allow the Construction Procurement Group to propose the most suitable model for the next framework agreement.

## **14 Recommendations**

- 14.1 That Members agree to extend the contract for the Construction Related Consultancy Services 2004 framework agreement to the Companies on the agreement for a period of 1 year, commencing 1<sup>st</sup> April 2007.

## **15 Equalities Implications**

- 15.1 The response to the pre-qualification questionnaires regarding the companies' Equalities policies were evaluated by the Council Equalities Advisor and the companies invited to Tender met the Councils criteria for Equalities. Equalities questions were further examined within the method statements submitted by the companies and within the interviews.
- 15.2 Equalities surveys of the consultants are required on a yearly basis.

## **16 Health and Safety Implications**

- 16.1 The response to the pre-qualification questionnaires regarding the companies Health & Safety policies were evaluated by the Council Health & Safety Advisor and the companies invited to Tender met the Councils criteria for Health & Safety.
- 16.2 Health & Safety questions were further examined within the method statements submitted by the companies and within the interviews
- 16.3 The consultants have responsibility for the compliance with CDM regulations in their designs.

## **17 Sustainability Implications**

- 17.1 The consultants on the CRCS framework agreement are requested to consider, on an ongoing basis, sustainable solutions within their designs wherever they are practically and economically possible.

## **18 Financial Implications**

- 18.1 The budget allocated to each capital project or revenue funded project should include an allocation for professional fees for construction works by the client.

## **19 Comments of the Director of Finance**

- 19.1 The Director of Finance believes that it is beneficial to the Council to extend the current contract for Construction Related consultancy Services for a further year as this will allow time for the development of the most suitable model for the next framework agreement.

## **20 Comments of the Head of Legal Services**

- 20.1 The Construction Related Consultancy Services framework agreement was advertised in the Official Journal of the EU in 2003, in accordance with the Public Services Regulations 1993, using the restricted procedure.
- 20.2 The advertisement referred to the possibility of an extension of the term of the framework agreement, for a further period of up to three years.
- 20.3 This report is seeking an extension of the original three-year term of the framework agreement, for a further one year period.
- 20.4 The Procurement Committee has the power under CSO 13(2) to approve the proposed extension.
- 20.5 The Head of Legal Services confirms that there is no legal reason preventing Members from approving the recommendations in Paragraphs 3 and 14 of this report.

## **21 Comments of the Head of Procurement**

- 21.1 The Head of Procurement supports the request to extend the CRCS 2004 framework agreement for one year from April 2007.
- 21.2 This will allow for full market testing to be undertaken, which will, in turn, permit the best approach to the market. This will mean that the Construction procurement Group is able to ensure that it secures the best supply arrangement for the Council for the future.

## **22 Use of Appendices / Tables / Photographs**

- 22.1 N/A

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**HARINGEY COUNCIL**

Agenda item:

**[No.]****Executive Procurement Committee****on****13<sup>th</sup> February 2007**Report Title: **Procurement of Internal Audit Services**Forward Plan reference number (if applicable): **N/A**Report of: **Acting Director of Finance**Ward(s) affected: **All**Report for: **Non-key decision****1.0 Purpose**

1.1 To inform Members of the procurement process undertaken to appoint a provider for the Council's internal audit services from 1<sup>st</sup> April 2007, and to obtain approval from Members to award the contract to the selected provider.

**2.0 Introduction by Executive Member**

2.1 I concur with the recommendations of this report. This recommendation was based on the basis of cost, current experience, service improvement and performance in current contracts.

**3.0 Recommendations**

3.1 That Members approve the award of contract for the provision of internal audit services to the contractor outlined at paragraph 2.5 of Part B under Contract Standing Order 11.03.

3.2 That the contract be awarded for a period of five years, with effect from 1<sup>st</sup> April 2007, with the option to extend for a further one year.

Report Authorised by: **Gerald Almeroth**

  
**Acting Director of Finance**

**Contact Officer: Anne Woods, Head of Audit and Risk Management****Tel: 020 8489 5973****Email: [anne.woods@haringey.gov.uk](mailto:anne.woods@haringey.gov.uk)****4 Executive Summary**

4.1 Haringey Council is required to maintain an adequate internal audit service under the Accounts and Audit Regulations. The majority of the current provision of Haringey Council's internal audit service has been in place since November 2001 and the contract is due to expire on 31/03/07. Following recommendations made by the Council's Audit Committee in July 2006, that the existing balance of

work between in-house and contracted out services be retained, a full tender exercise was carried out in accordance with OJEU regulations and the Council's current contract Standing Orders.

4.2 The tender specification required that organisations submit tenders for the entire contract. This approach was taken to ensure that only organisations which had the appropriate skills and experience would be considered and avoid any duplication in contract management resources.

4.3 A total of four organisations subsequently returned tenders which were evaluated to ensure that they complied with the tender specification. A fifth organisation submitted a tender after the deadline for return and was therefore excluded from any evaluation. A full evaluation, including interviewing all relevant organisations, was then undertaken in accordance with the criteria and procedures outlined in the tender specification.

4.4 Following the analysis of tender documentation and further interview process, it is recommended that internal audit services are obtained from the contractor outlined at paragraph 2.5 of Part B. This organisation's proposals represent the most economically advantageous tender submission.

#### **5.0 Reasons for any change in policy or for new policy development (if applicable)**

N/A

#### **6.0 Local Government (Access to Information) Act 1985**

6.1 List of background documents:

- Tender specification
- Tender returns
- Tender evaluation summary

6.2 Part B of this report is **not for publication** as it contains exempt information under the following categories:

Exempt information under 12A of the Local Government Act 1972, namely:

(3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

#### **7.0 Background**

7.1 The majority of Haringey Council's internal audit service is currently provided under contract by Deloitte and Touche Public Sector Internal Audit Ltd (D&T). The contract has been in place since November 2001 and is due to expire on 31/03/07. The Council's Audit Committee recommended, in July 2006, that the existing balance of work between in-house and contracted out services be retained and that a full tender exercise should be completed in accordance with EU and the Council's regulations for the contracted out service.

7.2 An OJEU notice was issued on 10<sup>th</sup> November 2006, with a specified date for return of tenders of 5<sup>th</sup> January 2007. The tender was advertised as an open



procedure. The tender specification was compiled by the Head of Audit and Risk Management and included details of all work required under the new contract.

- 7.3 Four tenders were received in response to the OJEU notice. A fifth response was received after the deadline had passed. The tenders were evaluated in accordance with the process outlined in the specification and the allocation of marks was as below. Part B details the scores achieved by the tenderers.

<b>Selection Criteria</b>	<b>Selection Percentage</b>
Previous/current experience of providing this type and scale of contract	20%
Skills and experience of staff proposed for this contract	20%
Costs of the service	40%
Suggestions for service improvements to maximise the outcomes from risk based and anti-fraud work	10%
Performance in current contracts (references from existing clients)	10%

- 7.4 Interviews were held with all four tenderers who met the tender return deadline and complied fully with the instructions to tenderers. Outcome scores of the interviews and the evaluation criteria are contained in Part B.

## **8.0 Consultation**

- 8.1 The Council's Audit Committee was consulted about the strategy for delivering internal audit services and ensuring that the Council's statutory responsibilities under the Accounts and Audit Regulations and Local Government Act 1972 were able to be fulfilled. The Audit Committee approved the overall strategy and approach for obtaining internal audit services in June 2006 and were kept informed of progress throughout the tender process.

## **9.0 Key Benefits and Risks**

- 9.1 The Council benefits from an independent audit assessment of its processes, and can be assured that it has undertaken a compliant process to appoint a suitable provider to this activity. Employing a specialist external organisation will ensure that the Council's statutory functions with regard to internal audit can continue to be fulfilled.
- 9.2 The recommendation to continue with the existing contractor will also ensure that continuity of service is maintained and the level of knowledge about the Council and its activities can be retained. There are no risks identified with this procurement.

## **10.0 Contract and Performance Management**

- 10.1 The contract specification and terms and conditions include specific performance and management information requirements and standards in terms of service delivery, quality, timescales and price. Regular contract monitoring meetings, as defined within the contract conditions, will be held with the contractor to ensure that service standards are maintained.
- 10.2 Overall responsibility will rest with the Head of Audit and Risk Management, and regular progress reports will be presented to the Council's Audit Committee.

## **11.0 Recommendations**

- 11.1 That Members approve the award of the contract for internal audit services to the organisation outlined at para. 2.5 Part B.
- 11.2 That the contract be awarded for a period of five years, with the option to extend for a further one year, with effect from 1<sup>st</sup> April 2007.

## **12.0 Equalities Implications**

- 12.1 In the Equality Public Duty Scheme recently adopted by the Council, the Council is committed to promoting equality through procurement. The Council seeks to do this in three fundamental ways:

### **i. Equality of opportunity to Council contracts.**

The aim is to open up the supply chain so that all potential suppliers who are interested have the opportunity to tender through a process that is fair, transparent and accessible to all. (Equality Scheme, para 5.11 – 5.11.1)

In regard to the proposals in this report, the tender specification was designed to give all organisations with the appropriate skills and experience the opportunity to tender. The evaluation criteria and process formed Part A of the tender document which was made available to bidders. The results of the evaluation process are given in table in Appendix A of the report. The tenders were interviewed and given the opportunity to present their proposals and answered questions on their submissions, and their performance evaluated against the same criteria and ratings used at an earlier evaluation stage and the scores set out in this report for Member scrutiny. The requirements of accessibility, transparency and fairness are therefore satisfied in accordance with the council's Equality Scheme in respect of procurement.

### **ii. Influencing (promoting equality with) the people we do business with.**

The aim is to ensure that we continue to operate a tender process and an evaluation process embedded with equalities criteria that are part of the Pre-Qualification Questionnaires (PQQ) and in contract performance monitoring. The PQQ was used in regard to this tender evaluation, thus complying with the Equality Scheme in respect of procurement.

### **iii. Taking account of equalities issues when drafting contract specifications.**

The aim is to ensure that good, services or works provided on behalf of the Council not only meet the fit-for-purpose and value-for-money criteria but also meet the needs of Haringey service users in all their diversity. This requirement applies in essence to services with outwards focus to the community and less so

to services supporting internal Council processes such as an audit service. This requirement is not applicable in this contract.

### **13.0 Health and Safety Implications**

- 13.1 The consultant would be working at Haringey's premises and is therefore obliged to comply with the Council's health and safety policy and practices.

### **14.0 Sustainability Implications**

- 14.1 There are no sustainability implications as a result of this procurement exercise.

### **15.0 Financial Implications**

- 15.1 Budget for the current contract in 2006/07 is £285,000. Costs of the current contract, which were agreed in 2001, are £336,000.

### **16.0 Comments of the Director of Finance**

- 16.1 The budget shortfall for the internal audit services contract in 2006/07 is being managed across Corporate Finance as a whole. This will be permanently resolved for 2007/08 and the new contract as the budgets within Corporate finance and Audit and Risk management will be reviewed and realigned as part of restructuring of the service.
- 16.2 The Director of Finance has no further comments to add.

### **17.0 Comments of the Head of Legal Services**

- 17.1 The value of the services to be provided under the contract is above the threshold where EU tendering is required under the Public Contracts Regulations 2006 (currently £144,459). EU procurement rules are applicable.
- 17.2 The contract has been tendered in accordance with the open procedure provided for by the Public Contracts Regulations 2006.
- 17.3 Under the Public Contracts Regulations 2006, reg. 30(1) an award may be made either on the basis of the lowest price tender or on the basis of the most economically advantageous tender. The contractor selected has been recommended for award of the contract on the basis that it submitted the most economically advantageous tender in accordance with reg. 30(1)(a).
- 17.4 As the contract value exceeds £250,000 the proposed award must be approved by Members pursuant to CSO 11.03. This says that the Executive must award all contracts over this value.
- 17.5 The Head of Legal Services confirms that there are no legal reasons preventing members from approving the recommendation in paragraph 11 of this report.

### **18.0 Comments of the Head of Procurement**

- 18.1 The existing contract for the provision of audit services has been in place since November 2001, since which time the market for the provision of this service may have changed considerably.

- 18.2 It is therefore not only an obligation under EU regulations to undertake a full tender (given the value of the service to be provided) but also good practice in ascertaining market values.
- 18.3 A full and thorough evaluation of the tenders received has been undertaken, on the basis of the most economically advantageous tender – MEAT – and the supplier has been selected on this basis.
- 18.4 The Head of Procurement therefore supports the recommendation to Members to award the contract as outlined in Part B.



Agenda item: **[No.]**

**Part B** of this report is **not for publication** for the reasons stated in paragraph 6.2.

**Procurement Committee**

**On 13 February 2007**

Report Title: **Part A: Extension of the Capgemini Agreement for development and support of the Siebel Customer Relationship Management (CRM) system**

Forward Plan reference number (if applicable): **V55 and V56**

Report of: **Director of Corporate Resources**

Ward(s) affected: **N/A**

Report for: **Non-Key Decision**

### **1. Purpose**

1.1 To seek Member agreement to extend the Capgemini Agreement for development and support of the Siebel Customer Relationship Management (CRM) system for a 6 month period from January 2008 to June 2008.

### **2. Introduction by Executive Member**

2.1 I concur with the recommendations set out in this report to extend the Capgemini Agreement for a further 6 month period, as this represents the most acceptable solution pending the outcome of IT Services' strategic review of the current Siebel CRM managed services.

### **3. Recommendations**

3.1 That Members agree to extend the contract for the above project, as allowed under Contract Standing Order (CSO) 13.02, in accordance with the recommendations in paragraph 14 of this report.

Report Authorised by: **Director of Corporate Resources**

Contact Officer: **Ian Wellbelove, Development Programme Manager, IT Services**  
 telephone no.: 020 8489 4674  
 e-mail: [ian.wellbelove@haringey.gov.uk](mailto:ian.wellbelove@haringey.gov.uk)

#### 4. Executive Summary

- 4.1 The contract with Serco Ltd (formerly ITNet) to support the hardware environment for the Siebel CRM solution is valid from July 2001 to June 2008.
- 4.2 The contract with Capgemini for development and support of the Siebel CRM software application is valid from January 2005 to January 2008.
- 4.3 In 2007 IT Services will undertake a strategic review of the current Siebel CRM managed services to assess the options for insourcing part or all of the services, or to re-let the contracts as a single package to an external managed service provider following an open competition.
- 4.4 At present the Serco and Capgemini Agreements are coming to an end at varying dates during 2008, and it is recommended that the Capgemini Agreement is extended for a further 6 month period from January 2008 to June 2008 to align it with the expiry of the Serco Agreement should it be decided to re-tender these contracts as a single package.

#### 5. Reasons for any change in policy or for new policy development (if applicable)

- 5.1 N/A

#### 6. Local Government (Access to Information) Act 1985

- 6.1 The following background documents were used in the preparation of this report:

- 'Siebel Development' report presented at Procurement Committee on 04 January 2005; and
- 'Extension to the Capgemini Technical Services contract for the development and support of the Siebel (CRM) application' report authorised by the Assistant Chief Executive (Access) on 06 October 2006.

- 6.2 This report contains exempt and non-exempt information. Exempt information is contained in Part B and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

*Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).*

#### 7. Background

- 7.1 IT Services let a contract to Serco Ltd (formerly ITNet) to support the hardware environment for the Siebel CRM solution from July 2001 to June 2008. The development and support of the software application was awarded to Capgemini in January 2005 for a period of 2 years, and including the option to extend for a

further 12 months authorised in October 2006 under CSO 13.01 (a)(i), the contract will now end in January 2008.

7.2 In 2007 IT Services will undertake a strategic review of the current Siebel CRM managed services with the objective to assess the following options:

1. re-let the contracts as a single package to rationalise the existing supplier base and achieve economies of scale
2. identify best value alternative solutions
3. assess insourcing opportunities

7.3 If as a result of this strategic review the recommendation is to continue with a full or partial outsource of the managed service by an external provider, the proposed contract strategy will be to re-let the Serco and Capgemini Agreements as a single package. The anticipated high value of this contract will require that the procurement process commences during 2007 to ensure the new contract is let well in advance of the expiry of the current contracts with Serco and Capgemini in 2008.

7.4 At present the Serco and Capgemini Agreements are coming to an end at varying dates during 2008, and it is recommended that the Capgemini Agreement is extended for a further 6 month period from January 2008 to June 2008 to align it with the expiry of the Serco Agreement and enable the re-tender of these contracts as a single package.

## **8. Budget**

8.1 The cost for the provision of the Siebel CRM software application development by Capgemini will be funded from the IT Services capital programme budget.

8.2 The cost for the provision of the Siebel CRM support services by Capgemini will be funded from the IT Services revenue budget.

## **9. Description of Procurement Process**

9.1 N/A

## **10. Consultation** *(if applicable)*

10.1 Consultation has taken place with Customer Services and within IT Services.

10.2 This is an item published on the Council's Forward Plan V55 (15 December 2006-14 April 2007) and V56 (15 January 2007-14 May 2007).

## **11. Key Benefits and Risks**

### Benefits

11.1 Enables IT Services to undertake a full strategic review of the current Siebel CRM managed services to determine the most suitable option for the Council to take forward.

11.2 Enables the re-tendering of the contracts as a single package to:

- 11.2.1 achieve efficiencies in the resources and costs of procurement
- 11.2.2 rationalise the existing supplier base

11.2.3 achieve economies of scale

#### Risks

11.3 There are no known quantifiable risks.

### **12. Contract and Performance Management**

12.1 The management of Capgemini's contract and performance will continue as set out in the existing Agreement.

12.2 Contract and Performance management will continue to be by means of monthly performance and availability reporting by Capgemini and by monthly service reviews held with IT Services to review Capgemini's performance against the service levels.

### **13. Summary and Conclusions**

13.1 Currently the Serco and Capgemini Agreements are coming to an end at varying dates during 2008, and it is recommended that the Capgemini Agreement is extended for a further 6 month period from January 2008 to June 2008 to align it with the expiry of the Serco Agreement should it be decided to re-tender these contracts as a single package.

13.2 The benefits gained by synchronising the expiry dates of the Serco and Capgemini Agreements in order to re-let the contracts as a single package by open competition creates a single process for the evaluation of options as part of the strategic review and maximises achieve efficiencies in the resources and costs of procurement.

### **14. Recommendations**

14.1 That Members agree to extend the Capgemini Agreement for development and support of the Siebel CRM system, as allowed under Contract Standing Order (CSO) 13.02, in the sum named in Part B Appendix for a further 6 month period from January 2008 to June 2008.

### **15. Equalities Implications**

15.1 There are no known Equalities implications.

### **16. Health and Safety Implications**

16.1 There are no known Health and Safety implications.

### **17. Sustainability Implications**

17.1 There are no known Sustainability implications.

### **18. Financial Implications**

18.1 There are no known financial implications other than as set out in paragraph 8 and Part B Appendix.

### **19. Comments of the Director of Finance**

19.1 The Director of Finance has no additional comments to make.



**20. Comments of the Head of Legal Services**

- 20.1 The Council's contract with Capgemini for development and support of the CRM system is due to expire in January 2008.
- 20.2 Corporate Resource's Directorate seeks an extension of the contract from January 2008 to June 2008.
- 20.3 The value of the proposed extension of the contract (as detailed in Part B) is below the threshold for tendering in the EU under the Public Contracts Regulations 2006.
- 20.4 The contract has already been extended for 12 months under director's delegated authority.
- 20.5 Because this is a second extension, it is a requirement of Contract Standing Orders that the Procurement Committee approve the extension (under CSO 13.02).
- 20.6 The item has been included in the Council's Forward Plan V55 (15 December 2006-14 April 2007) and V56 (15 January 2007-14 May 2007).
- 20.7 The Head of Legal Services confirms that there are no legal reasons preventing Members approving the recommendations in the report.

**21. Comments of the Head of Procurement**

- 21.1 This request for an extension to the current contract is in line with the procurement code of practise.
- 21.2 The extension will allow the alignment of contract expiry dates and for a strategic review of the current services, which will identify the best procurement option to meet future requirements.
- 21.3 Contract and performance management structures are in place which will ensure the service continues to meet service levels.
- 21.4 The Head of Procurement supports this request for an extension to the current contract.

**22. Use of Appendices / Tables / Photographs**

- 22.1 None
- 22.2 Part B Appendix of this report contains exempt information.

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Homes for Haringey

**PROCUREMENT COMMITTEE**Agenda item **[No.]****Procurement Committee****On 13/02/2007**

Report Title: **Award of Framework Agreements to four Decent Homes Constructor Partners**

Forward Plan reference number (if applicable):

Report of: **Interim Director of Adults, Culture and Community Services**

Ward(s) affected: **All**

Report for: **Decision**

**1.0 Purpose**

1.1 This report seeks Members' approval to award four Constructor Partners Framework Agreements for four years to the deliver the Department for Communities and Local Government (DCLG) Decent Homes Target by 2010 (subject to legislative changes). The recommended appointments are as follows:

- Constructor 1 – Wood Green
- Constructor 2 – Hornsey
- Constructor 3 – North Tottenham
- Constructor 4 – South Tottenham

**2.0 Introduction by Executive Member**

2.1 This report is for decision on the appointment of Constructor Partners to undertake the Decent Homes Programme. A report to this Committee on 14<sup>th</sup> November set out the progress made to procure the necessary work packages which will be required to deliver the decent homes standard and to maintain our homes to a good standard. It is important that we are able to show the Audit Commission, at the forthcoming ALMO inspection in May 2007 that we are in a strong position to deliver the decent homes programme. This report concludes the procurement process.

### **3.0 Recommendations**

- 3.1 That Members agree to award Framework Agreements for the above, as allowed under the European Union Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006 and in accordance with the Council Standing Orders, in accordance with the recommendation in paragraph 13 of this report.

Report Authorised by: Interim Director of Adult, Culture and Community Services

Contact Officer: Olatayo Akinfe – Head of Asset Management, Homes for Haringey (x 3272)

### **4.0 Reasons for any change in policy or for new policy development (if applicable)**

- 4.1 Not applicable

### **5.0 Local Government (Access to Information) Act 1985**

- 5.1 List of background documents:
- Pre-Qualification Questionnaires (PQQ) responses from Constructors dated September 2006
  - Short list Report dated October 2006
  - Invitation to Tender Document dated October 2006
  - Tender Reports dated February 2007

This report contains exempt and non-exempt information. Exempt information is contained in Part B and is not for publication. The exempt information is under the category identified in the amended Schedule 12A of the Local Government Act 1972.

### **6.0 Background**

- 6.1 The requirement for all local authority homes to meet the Decent Homes Standard was set out by The Office of the Deputy Prime Minister (ODPM) now known as Department for Communities and Local Government (DCLG) in February 2003. The objective of the Decent Homes Standard is that every tenanted home should be decent in accordance with the guidelines of the ODPM (now DCLG) by December 2010.

- 6.2 The Decent Homes Programme is a long term programme of major investment to bring all tenanted homes up to a decent standard. Environmental improvements, including sustainability issues, may represent up to 5% of the overall programme.
- 6.3 The projected funding required for the Decent Homes Programme is approximately £231m out of a total capital programme of £323m (which includes the Decent Homes Programme until 2010/11. A bid has been made to DCLG for decent homes funding of £231m. Homes for Haringey should be informed of the funding for the programme hopefully by spring/summer 2007 however this will be subject to Homes for Haringey acquiring a two (2) star rating by the audit commission following the inspection due in May 2007.
- 6.4 Managing and delivering the Decent Homes programme to cost, time and to the expectation of the tenants and residents of Haringey is paramount and as such requires the appointment of Constructors with a proven track record of delivering a similar programme for other Local Authorities/ALMOs.
- 6.5 The procurement and delivery of the Decent Homes Constructors has been managed by Homes for Haringey under the terms of its management agreement with the Council.

## **7.0 Budget**

- 7.1 Design and construction costs are to be accommodated from funding to be secured from the DCLG for the Decent Homes programme of works.
- 7.2 Mainstream funding of circa £90m from 2006/07 to 2010/11 Has been earmarked to fund non-decent homes work including Planned Preventative Maintenance. Some of these non-decent homes works may be carried out by the Decent Homes constructor partners, in cases where this offers best value for money.

## **8.0 Description of Procurement Process**

- 8.1 It was established and reported previously that the most suitable procurement route for the delivery of the Decent Homes programme would be using the design and build option where the constructor undertakes all the responsibility for the delivery of the programme on an annual basis to cost and time. The delivery of the programme will therefore be via a framework of design and build Constructors. This framework is procured in accordance with European Union (EU) regulations.

- 8.2 As outlined in the Official Journal of the European Union (OJEU) notice, it is envisaged that the services to be provided by the Decent Homes constructor will include: survey, design, building services design and the execution of the works
- 8.3 The successful framework Constructors will need to work in a collaborative and partnering manner not only with the Homes for Haringey team, but also with a wider range of stakeholders (internal and external), including residents, Homes for Haringey staff and Board and Haringey Council staff and Members.
- 8.4 Twenty-Three Expressions of interest for the Decent Homes constructor framework agreement were received and evaluated and a short list of eight Constructors were invited to tender. The evaluation of the tenders was undertaken by HfH Head of Asset Management, Haringey Council (Diversity, Equality and Sustainability representatives), Mace Ltd (Consultants) and members of the Resident Procurement Panel. The process was overseen by Haringey Council's Construction Procurement Group. Legal support was provided by Trowers& Hamlin with Corporate overview by Haringey Legal Services.
- 8.5 The tender documents were issued on 18<sup>th</sup> September and returned on 30<sup>th</sup> November 2006.
- 8.6 The tender submissions were scored on the basis of Quality 60% and Price 40%.
- 8.7 Site visits and interviews were included as part of the Quality assessment of the Constructors and contributed 27% of the Quality score. The site visits and interviews were undertaken by Homes for Haringey, Mace Ltd (Consultants), members of the Resident Procurement Panel and Contract Procurement (interviews only).

## **9.0 Consultation**

- 9.1 Residents have been fully consulted on the procurement process and a 'Residents Procurement Panel' (RPP) was established in November 2005.
- 9.2 The RPP participated in the evaluation of both the PQQ and the Invitation to Tender documents to determine the shortlist to invite to tender and to agree on the proposed Constructor Partners respectively.

- 9.3 Two of the seven members of the RPP undertook site visits to all eight Constructors whilst the other five members did four site visits.
- 9.4 Three members of the RPP panel were part of the interviewing panel that assessed all eight of the Constructor Partners.
- 9.5 See paragraph 19 for comments on the formal leaseholder consultation procedure.

## **10.0 Key Benefits and Risks**

- 10.1 The benefits of appointing Constructor Partners via Framework Agreements to the delivery of the Decent Homes programmes are as follows:
- Early involvement of Constructor Partners to work collaboratively with all stakeholders to agree a programme of work over four years. This will be broken down into realistic annual programmes of work throughout the Borough that will meet the required reduction of non-decent properties and meet the Decent Homes Target.
  - Ability to achieve cost certainty as a pre-condition to any works being undertaken ensuring that the programme is delivered to budget, on time and to the correct quality.
  - Common approach to delivery of the Decent Homes programme across all areas of the Borough with clear recognition of the need for consultation with both tenants and leaseholders.
  - Consistent approach to the design and installation of kitchens, bathroom, windows and roofs where required resulting in being better equipped to deal with future maintenance issues.
  - Less adversarial and improved customer satisfaction.
  - Compliance with Gershon and Egan objectives with respect to partnering, collaborative working, measuring and monitoring Key Performance Indicators (KPI's ) and benchmarking constructor partners against each other to generate efficiency savings over the duration of the framework.
  - The flexibility of the framework to award work after the first and subsequent years based upon performance (KPIs) in the previous year.

- The flexibility for the council to allocate work in other contract areas to framework Constructors besides the one to which they are allocated where there is a shortfall in performance by any particular framework constructor.
- Agreement of standard model documents that will govern each delivery phase to establish effective template for successive award of project contracts.
- Decent homes funding will be year on year thus allowing the council to manage each award of work under the framework according to the level of funding.

10.2 The risks to the framework appointments are as follows:

- Delay/lack of funding resulting in Constructors not having a continuous workload
- Non-performance by a Constructor Partner(s) however this can be mitigated by giving additional work to other performing Constructor Partner(s).

## **11.0 Contract and Performance Management**

11.1 There will be a three tier arrangement to the Contract as follows:

Strategic Alliance Agreement – Agreement between all the Constructor Partners and Haringey Council. This establishes contractual links between the constructors to promote sharing and best practice, shared supply chains, measured performance and flexibility in terms of work load.

Framework Agreement- Individual agreement between each Constructor Partner and Haringey Council for each Contract Area. This establishes the scope of the programme for each constructor and the model documents governing the award of each project contract.

Project Partnering Contracts (PPC 2000) – Annual Project Contract between each Constructor and Haringey Council for the delivery of a specific programme of work. The performance of the Constructors will be measured against specific KPIs agreed between the Constructors and all the stakeholders upon signing of the Framework Agreements

## **12.0 Summary and Conclusions**

12.1 That the proposed Constructor Partners are awarded Framework Agreements in the respective areas noted in Section 1 of this



report in accordance with the EU process and the Quality 60%/Price 40% evaluation criteria.

### **13.0 Recommendations**

- 13.1 That Members award the Framework Agreements to four Constructor Partners in accordance with EU Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006 and the Council Standing Order.
- 13.2 The award to the four Constructor Partners is based on the evaluation of the price/quality score and confirmation that the Constructors will be able to deliver the Decent Homes Programme within the current forecasted budget. Refer to Part B.

### **14.0 Equalities Implications**

- 14.1 After appointment residents throughout the Borough will be involved in the process with respect to selection of certain supplier components and at design and delivery stage.
- 14.2 The works will ensure that all tenants and leaseholders living throughout the Borough will reside in a decent home by the end of this programme of work.
- 14.3 The above include the disabled, elderly and residents from all ethnic minority groups.

### **15 Health and Safety Implications**

- 15.1 All the Constructors have been assessed as competent under the Construction Health and Safety Assessment Scheme (CHAS), which is requirement of the Council's Health and Safety Policy.
- 15.2 The Construction Design and Management Regulations 1994 apply to this project and the Constructors Construction Phase Health and Safety Plan will be checked and approved by the Planning Supervisor.

### **16.0 Sustainability Implications**

- 16.1 Social and economic sustainability will be included as a Key Performance Indicator (KPI) to be measured and monitored throughout the duration of the framework agreement.
- 16.2 These KPIs will be linked against a target of 20% of on-site workforce (excluding managers and supervisors) employed during the work programme comprise of local residents and 10%

of on-site workforce (excluding managers and supervisors) employed during the work programme comprise of trainees year on year throughout the life of the Framework Agreement.

- 16.3 The Council seeks to ensure that local businesses have free and fair opportunity to compete for trading opportunities emanating from developments in the borough. Contractors are encouraged to share information about their supply chain and sub-contracting opportunities with local businesses, and to give them a free and fair opportunity to compete for contracts.
- 16.4 The above will be monitored by the Council's Economic Regeneration Unit. NB The compliance team are also monitoring this according to the other report.
- 16.5 Homes for Haringey will agree and implement a common approach to waste management and recycling with the Constructor Partners on this programme of work across the entire Borough.
- 16.6 The design and supply of windows, roofs, kitchens and bathroom will be assessed on the basis of Life Cycle Cost hence taking into consideration future maintenance, repair, replacement and disposal. The environmental performance of components such as timber and paints will form part of this assessment.
- 16.7 The above will be a consistent approach for the programme of works across the entire Borough.

#### **17.0 Comments of the Director of Finance (Homes for Haringey)**

- 17.1 The contracts proposed to be awarded are in respect of the Council's Housing Revenue Account Capital Programme, which will be managed by Homes for Haringey as set out in the Management Agreement. There is no direct financial consequence for Homes for Haringey arising from the award of these contracts, other than that they are essential for the successful delivery of the Decent Homes programme. The advice of the Council's Acting Director of Finance deals with the financial consequences for the Council of the proposed awards

#### **18.0 Comments of the Council's Acting Director of Finance**

- 18.1 As stated in section 8 of this report the costs for this element of the Decent Homes Programme fall within the overall estimated costs. However the approval of this budget is subject to borrowing approvals being awarded to Haringey by Central

Government, which is reliant on the achieving of a 2 star status in the forthcoming inspection of Homes for Haringey.

- 18.2 Should the award of borrowing approvals not be granted then works will not be commissioned under these framework arrangements as the funding will not be available.
- 18.3 The Council's finance department has been an integral part of the project team for this project and all of the short-listed companies were financially evaluated and found to be sound in relation to the size of contract being awarded.

## **19.0 Comments of the Head of Legal Services**

### **Contract Procurement**

- 19.1 The EU Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006, allows local authorities to conclude framework agreements with contractors and to select contractors for specific projects from the contractors with which they have concluded framework agreements.
- 19.2 Legal advice on the procurement of the framework agreement has been provided by external legal advisers (Trowers & Hamlins), who have confirmed compliance with the provisions of the Public Contracts Regulations 2006.

### **19.3 Leaseholder Consultation**

- 19.4 Homes for Haringey is conducting formal consultation with every leaseholder in the Borough in order to fulfil the Council's obligations under The Service Charges (Consultation Requirements) (England) Regulations 2003 ('the Regulations'). A Notice of Intention to appoint Constructor Partners was sent to leaseholders on the 21<sup>st</sup> of July 2006. The form and content of the Notice was approved by Mr Jonathan Brock, a leading property law Queen's Counsel, before it was issued. A Notice of Proposal, naming the proposed Constructor Partner, will then be sent to leaseholders after the 13<sup>th</sup> of February 2007. Again, the form and content of this second notice will be approved by Mr Brock.
- 19.5 Homes for Haringey has applied to the Leasehold Valuation Tribunal for a dispensation from some of the requirements of the Regulations as they apply to the second notice. Mr Bob Watts, the Executive Director of Building Services, Homes for Haringey, has written to every leaseholder in the Borough advising them of

the reasons why the Council has made the application. A draft copy of that letter is attached in Schedule 1 to this report. The hearing of the Council's application will take place on the 29<sup>th</sup> and 30<sup>th</sup> of March 2007. The Council will be asking the LVT to retrospectively dispense with the requirement to provide specific cost information in the second notice. The nature of the proposed framework agreements means that it will not be possible to provide specific cost information to leaseholders at the time of Notice of Proposal (second notice). See Mr Watts' letter for more information. Other Boroughs, such as Barnet, have already made similar successful applications to the LVT and the Head of Legal Services is confident that the Council's application will also be successful.

## **20.0 Comments of the Head of Procurement**

- 20.1 The selection of Framework Agreements as a procurement route for the delivery of the construction work for this programme will ensure that there is sufficient capacity in the constructor partners as a whole.
- 20.2 A Framework Agreement will also allow appropriate contract management measures, and appropriate action is easier to take should one of the contractors under-perform.
- 20.3 The process of selecting the Framework contractors has been undertaken with support from the Construction Procurement Group who have wide experience and knowledge of the benefits and process of such a procurement route.
- 20.4 The tender process has fully tested the market, and there has been significant interest from a large number of contractors.
- 20.5 Additionally, there has been robust resident involvement throughout this process, including in the site visits and tender evaluations.
- 20.6 This process has been supported by Homes for Haringey's Legal partners, Trowers and Hamlins, in which case, the Head of Procurement would also support the recommendation at para. 13.

## **21 Comments of the Council's/ Homes for Haringey External Legal Advisors (Trowers and Hamlins)**

- 21.1 Legal advice on the procurement of the framework agreement has been provided by Trowers & Hamlins, who have been appointed by the Council to provide advice on EU procurement, forms of contract and the strategic relationships required to carry out the programme of works. They confirm that the procurement of bilateral framework agreements described in paragraph 11.1

above complies with the Public Contracts Regulations 2006 and is line with Office of Government and Commerce (OGC) Guidance (January 2006)

- 21.2 In the event of a change in financial status of a Constructor Partner, the Framework Agreement protects the Council by providing, as pre-condition to the Council issuing any Project Contract to the Constructor Partner, that there is no change in the financial circumstances of the Constructor Partner which in the opinion of the Council (acting reasonably), may adversely affect the ability of the Constructor Partner to undertake works in accordance with this Framework Agreement and each Project Contract. The Framework Agreement also provides that the Agreement will automatically determine in the event of insolvency of the Constructor Partner
- 21.3 Under the Public Contracts Regulations 2006, framework agreements can subsist for a maximum of four years. However, the Council has become aware that there remains a possibility that the DCLG will only release funding to the Haringey programme at the earliest in April 2008. This is also predicated on the fact that Homes for Haringey achieves two star status. Therefore if the DCLG confirm that funding will only be made available at that time then the works themselves can only commence at that time. Therefore, if the Council were to enter into framework agreements with each Constructor Partner shortly after selection, this will mean an expiry date of that framework of early 2011. If however works can only commence in April 2008 (or later depending on confirmation of funding) this will leave only a maximum of three years to carry out the programme rather than the potential four years.
- 21.4 Office of Government and Commerce (OGC) Guidance (January 2006) is that that towards the end of the term of any framework agreement, an individual "call-off" may be let extending beyond the term of the framework agreement itself. This guidance reflects the EU Explanatory Note on Framework Agreements which confirms that a framework agreement can continue to be used right until the end, even if specific performance of the call off takes place after the expiration of the framework itself. The length of the final call-off should not distort competition or circumvent the Regulations and should reflect the "normal pattern" for call-off contracts under the framework itself
- 21.5 However, the concern for the Council is that executing the Framework Agreements too early may mean that the framework

agreements do not provide the vehicle to complete the programme. Experience from other similar programmes has been that the time taken to properly prepare timetabling, setting programmes of work and carry out the relevant design surveys of each units can mean that works in fact do not start for several months or longer after selection. In addition, for this programme the Council requires the Constructor Partners to validate the stock condition survey which was only based on a 13% sample before the timetabling and design surveys can commence. This validation will take the form of wider decent homes surveys across the borough which will

- test the stock condition survey
- scope of properties for proposed work programmes; and
- set a budget for the Council for the programme.

The budget for the programme and scope of properties would only be agreed following this testing of the stock condition survey. Accordingly, the testing of the stock condition survey is to be taken outside the Framework Agreement meaning that when the budget and scope of properties for the first project contract is set, this and the framework agreement can then be entered into, subject to agreement of the other relevant project documentation. This will mean an "Early Works Agreement" will need put in place to instruct the Constructors to carry out the decent homes surveys and for payment.

- 21.6 Notwithstanding that no Framework Agreement is executed, the Council and the Constructors are contractually linked via the Strategic Alliancing Agreement which provides that contractual link for the parties to oversee and manage the testing of the stock condition survey, setting initial construction and design processes, benchmarking of the Constructor's supply chains and common supply chains agreed and for project documentation to be agreed in advance of the setting of the works programmes. The Council and the Constructors use the Strategic Alliancing Agreement as a practical way of ensuring communication between the parties on a contractual basis.



Homes for Haringey

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2 February 2007

**DIRECTIONS BY THE LEASEHOLD VALUATION TRIBUNAL (LVT)  
Section 20ZA of the Landlord and Tenant Act 1985**

Dear Leaseholder(s)

**Leasehold Property Service Charges**

**Application to the LVT regarding the proposed Long Term Agreements relating to the housing capital works programme, including meeting the Decent Homes Standard**

The Council, as your landlord, proposes to enter into long term agreements (contracts) for a Constructor Partner(s) and a Compliance Team(s). The proposed Constructor Partner agreement(s) is mainly required to enable the works necessary to achieve the targets associated with the Government's Decent Homes Standard. The proposed Compliance Team(s) agreement will be for the provision of consultancy services to undertake planning supervision, cost management and project management in relation to the capital works programme.

The Council gave you formal notice on the 21<sup>st</sup> of July 2006 of its intention to enter into these agreements by sending you the 'First Notices'. These were issued to you to comply with the law.

The Council will shortly be sending you two further formal notices ('the Second Notices') which will provide you with more information on the proposed agreements, including the names of the proposed contractors.

The purpose of this letter is to advise you of two applications that the Council has made to the Leasehold Valuation Tribunal ('LVT'). **Enclosed** with this letter you will find:

1. a copy of the Council's application to the LVT regarding the proposed

- Constructor Partner agreement(s) ; and
- 2. a copy of the Council's application to the LVT regarding the proposed Compliance Team agreements(s) ; and
- 3. a copy of the Directions issued by the LVT following the Council's applications.

### **Reasons for making the applications**

The Council is obliged by law to provide you with information in respect of the estimated cost of the proposed work or to say when this information will be provided. However under the form of the agreements the Council is proposing it is not possible for the Council to provide you with this information in the Second Notices.

The proposed agreements will be entered into on the basis of a schedule of rates for a comprehensive list of the items and types of work that may be carried out. No specific projects have yet been identified and no surveys have been carried out. It is therefore not possible for the Council to provide you with the appropriate cost information in the Second Notices or to say when or where the work will be carried out, because of the type of contracts that are proposed. So the Council is now asking the LVT to dispense with the requirement to provide this type of information to you in the Second Notices.

If any work is proposed in respect of which you will be required to make a contribution, you will be provided an estimate of the cost by a further statutory notice at a later date. This will be after the agreements have been entered into but before any works begin on your building or estate. The notice will also give you the opportunity to make observations on those matters and the Council will be obliged to respond to your observations in writing.

### **Inspection of documentation**

The enclosed applications and the Directions issued by the LVT contain important information about the procedures involved. As a leaseholder in the Borough, you are a Respondent to the Council's application. The LVT has directed the Council to provide you with copies of the applications and the Directions, and these are **enclosed**. The Council has also been directed to inform you that you may inspect any of the documents in relation to the Council's applications and grounds for seeking dispensation and take copies if you wish. These documents will be available for inspection by appointment from the date of this letter on the 6<sup>th</sup> Floor, River Park House, 225 High Road, Wood Green, N22 8HQ between the hours of 10.00am and 4.00pm, Monday to Friday. If you wish to inspect the documents then please contact Bruce Nicholas on 020 8489 3487 to make an appointment.

This letter has been sent to all leaseholders in Haringey. We hope to finalise the Decent Homes programme during 2007, if the results of the Audit Commission's inspection make this possible and once surveys have been completed by the new Constructor Partners.



I hope that you find this covering letter helpful, but if you would like any further information please call us on the phone number given above.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bob Watts', with a horizontal line underneath.

**Bob Watts**  
**Executive Director (Building Services)**

Enclosures are included as listed on page 1.

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Homes for Haringey

**PROCUREMENT COMMITTEE**
**HARINGEY COUNCIL**
Agenda item **[No.]****Procurement Committee****On 13/02/2007**

Report Title: **Award of Framework Agreements to four Compliance Team (Consultants) Partners**

Forward Plan reference number (if applicable):

Report of: **Interim Director of Adults, Culture and Community Services**

Ward(s) affected: **All**

Report for: **Decision**

**1.0 Purpose**

1.1 This report seeks Members' approval to award four Compliance Teams (Consultant) Framework Agreements for four years to act as Client Representatives undertaking the services of Project, Cost & Risk Management, Quality Monitoring and Planning Supervisor across the Contract Areas for the delivery of the Department for Communities and Local Government Decent Homes Target by 2010/11 (subject to legislative changes). The appointments should be as follows:

- Consultant 1 – Wood Green
- Consultant 2 – Hornsey
- Consultant 3 – South Tottenham
- Consultant 4 - North Tottenham

**2.0 Introduction by Executive Member**

2.1 This report is for decision on the appointment of consultants to administer the Constructor Partners delivering the Decent Homes Programme. A report to this Committee on 14<sup>th</sup> November set out the progress made to procure the necessary services and works packages which will be required to deliver the decent homes standard and to maintain our homes to a good standard. It is important that we are able to show the Audit Commission, at the forthcoming ALMO

inspection in May 2007, that we are in a strong position to deliver the decent homes programme. This report concludes the procurement process.

### **3.0 Recommendations**

- 3.1 That Members agree to award Framework Agreements for the above, as allowed under the European Union Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006 and in accordance with the Council Standing Orders, in accordance with the recommendation in paragraph 12 of this report.

Report Authorised by: Interim Director of Adult, Culture and Community Services

Contact Officer: Olatayo Akinfe Head of Asset Management - Homes for Haringey (x 3272)

### **4.0 Reasons for any change in policy or for new policy development (if applicable)**

- 4.1 Not applicable

### **5.0 Local Government (Access to Information) Act 1985**

- 5.1 List of background documents:
- Pre-Qualification Questionnaires (PQQ) responses from Consultants dated September 2006
  - Tender Report dated October 2006
  - Invitation to Tender Document dated November 2006
  - Tender Reports dated January 2007

This report contains exempt and non-exempt information. Exempt information is contained in Part B and is not for publication. The exempt information is under the category identified in the amended Schedule 12A of the Local Government Act 1972.

### **6.0 Background**

- 6.1 The requirement for all local authority homes to meet the Decent Homes Standard was set out by The Office of the Deputy Prime Minister (ODPM) now known as Department for Communities and Local Government (DCLG) in February 2003. The objective of the

Decent Homes Standard is that every tenanted home should be decent in accordance with the guidelines of the ODPM (now DCLG) by December 2010.

- 6.2 The Decent Homes Programmes is a long term programme of major investment to bring all tenanted homes up to a decent standard. Environmental improvements, including sustainability issues, representing up to 5% of the overall programme.
- 6.3 The projected funding for the Decent Homes Programme is approximately £231m until 2010. A bid has been made to DCLG for decent homes funding of £231m which includes £14m for Consultant fees. Homes for Haringey should be informed of the funding for the programme hopefully by spring/summer 2007 however this will be subject to Homes for Haringey acquiring a two (2) star rating by the audit commission following the inspection due in May 2007.
- 6.4 Managing and delivering the Decent Homes programme to cost, time and to the expectation of the tenants and residents of Haringey is paramount and as such requires the appointment of Consultants with proven track records of delivering similar programmes for Local Authorities and ALMOs.
- 6.5 This procurement has been managed by Homes for Haringey under the terms of its management agreement with the Council.

## **7.0 Budget**

- 7.1 The Consultants' fees are to be accommodated from funding to be secured from the DCLG for the Decent Homes programme of works.

## **8.0 Description of Procurement Process**

- 8.1 The requirement for each Consultant is to ensure that every project is delivered to the requirements and guidelines set down by Haringey Council and Homes for Haringey with respect to cost, time and quality. The Consultant will be a specific resource appointed to interrogate the cost and programme prior to start on site and monitor the works on site to ensure the programme is delivered to the correct quality, time and programme. The appointment of the Consultants will be via a framework for services and is procured in accordance with European Union (EU) regulations
- 8.2 As outlined in the Official Journal of the European Union (OJEU) notice, it is envisaged that the services to be provided by the

consultants are; client representative (project management), cost consultancy, risk management, quality control and planning supervision (health & safety).

- 8.3 The successful framework Consultants will need to work in a collaborative and partnering manner not only with the Homes for Haringey team, but also with a wider range of stakeholders (internal and external), including residents, Homes for Haringey staff and Board and Haringey Council staff and Members.
- 8.4 Nineteen Expressions of interest for the Decent Homes Consultant framework agreement were received and evaluated and a short list of twelve Consultants were invited to tender. The evaluation was undertaken by Haringey Council (Corporate Procurement, Diversity and Equality representatives), Homes for Haringey Head of Asset management, Mace Ltd (Consultants) and members of the Resident Procurement Panel. The process was overseen by Haringey Council's Construction Procurement Group.
- 8.5 The tender documents were issued on 17<sup>th</sup> November 2006 and returned on 4<sup>th</sup> January 2007.
- 8.6 The tender submissions were scored on the basis of Quality 60% and Price 40%.
- 8.7 Interviews were included as part of the Quality assessment of the Consultants and contributed 35% of the Quality score. The interviews were undertaken by Homes for Haringey, Mace Ltd (Consultants), a leasehold member of the Resident Procurement Panel and Corporate Procurement.
- 8.8 From the tender returns the estimated value of fees to be let under the framework agreement is circa £11m instead of £14m previously estimated (estimate dated July 2006).

## **9.0 Consultation**

- 9.1 Residents have been fully consulted on the procurement process and a 'Residents Procurement Panel' (RPP) was established in November 2005.
- 9.2 The RPP participated in the evaluation of the PQQ to determine the shortlist to invite to tender and one member evaluated the Invitation to Tender documents and attended the interviews to agree on the proposed Consultants.
- 9.3 The resident member was part of the assessment panel including interviews and was primarily focussed on Customer Care issues.

- 9.4 See paragraph 19 for comments on the formal leaseholder consultation procedure.

## **10.0 Key Benefits and Risks**

- 10.1 The benefits of appointing Consultants via Framework Agreements to the delivery of the Decent Homes programmes are as follows:

- Early involvement of the both Consultant and Constructor Partner to work collaboratively with all stakeholders to agree a programme of work over four years. This will be broken down into realistic annual programmes of work throughout the Borough that will meet the required reduction of non-decent properties and meet the Decent Homes Target.
- Ability to achieve cost certainty by the Consultants' interrogating the Constructors proposals prior to any works being undertaken ensuring that the programme is delivered to budget, on time and to the correct quality.
- Common approach to delivery of the Decent Homes across all areas of the Borough including consultation with both tenants and leaseholders.
- Consistent approach to the installation of kitchens, bathroom, windows and roofs where required resulting in being better equipped to deal with future maintenance issues.
- Less adversarial relationships and improved customer satisfaction.
- Compliance with Gershon and Egan objectives with respect to partnering, collaborative working, measuring and monitoring Key Performance Indicators (KPIs) that should generate efficiency savings over the duration of the framework.

- 10.2 The risks to the framework appointments are as follow:

- Delay/lack of funding resulting in Consultants not having a continue workload
- Non-performance by a Consultant (s) - however this can be mitigated by giving additional work to the performing Consultants.

## **11.0 Contract and Performance Management**

11.1 There will be a two tier arrangement to the Contract as follows:

- Framework Agreement- Individual agreement between each Consultant and Haringey Council for each Contract Area
- Project Partnering Contracts (PPC 2000) – Annual Project Contract between each Constructor, Consultant and Haringey Council for the delivery of a specific programme of work
- The performance of the Consultants will be measured against specific Key Performance Indicators (KPIs) agreed between the Consultants and all the stakeholders prior to signing of the Framework Agreements

## **12.0 Summary and Conclusions**

12.1 That the proposed Consultants are awarded Framework Agreements in the respective areas noted in Section 1 of this report in accordance with the EU process and the Quality 60%/Price 40% evaluation criteria.

## **13.0 Recommendations**

13.1 That Members award Framework Agreements to four Consultants in accordance with EU Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006 and the Council Standing Orders.

13.2 The award to the four consultants is based on the evaluation of the price/quality score and confirmation of that the consultants will be able to deliver the Decent Homes Programme within the current forecasted budget. Refer to Part B

## **14.0 Equalities Implications**

14.1 The delivery team will ensure that all tenants and leaseholders living throughout the Borough are consulted about the design and delivery of the works both at Strategic and Project level similarly.

14.2 The Consultants will ensure that the correct quality and standard of workmanship is undertaken to all tenants and leaseholders' properties living throughout the Borough. This will result in all



residents residing in a decent home by the end of the programme.

- 14.3 The above include the disabled, elderly and residents from all ethnic minority groups.

## **15.0 Health and Safety Implications**

- 15.1 The Consultant will be responsible for the Planning Supervisor services under the Construction Design and Management Regulations dated 1994.
- 15.2 The Consultant will prepare the necessary Pre-Tender Health & Safety Plan and assess the responses from the Constructors Construction Phase Health and Safety Plan. In addition the Planning Supervisor will also assess the competence of all the designers on the project including sub-contractors undertaking design elements (if any).
- 15.3 Under the Regulations the Planning Supervisor will check, sign-off and approve the Health & Safety File submitted by the Constructor on completion of the each Project.

## **16.0 Sustainability Implications**

- 16.1 Sustainability will be included as a Key Performance Indicator (KPI) to be measured and monitored throughout the duration of the framework agreement.
- 16.2 The KPI will be linked against a target of 20% of local employment, and 10% target of training of individuals from schools, colleges and universities and mentoring and training staff from Homes for Haringey that may want to pursue Chartered and/or Professional status in a particular discipline (i.e. Project Management, Quantity Surveying and/or Building Surveying).
- 16.3 The above will be monitored by the Homes for Haringey and Haringey Council.
- 16.4 The Consultants will be monitors of the Sustainability KPIs identified for the Constructors and will issue monthly/quarterly response as agreed with all the Stakeholders.
- 16.5 The Consultants will assess the Life Cycle Cost for component items independent of the Constructors which will take into consideration future maintenance, repair and replacement.

- 16.6 The above will be a consistent approach for the programme of works across the entire Borough.

## **17.0 Comments of the Director of Finance (Homes for Haringey)**

- 17.1 The contracts proposed to be awarded are in respect of the Council's Housing Revenue Account Capital Programme, which will be managed by Homes for Haringey as set out in the Management Agreement. There is no direct financial consequence for Homes for Haringey arising from the award of these contracts, other than that they are essential for the successful delivery of the Decent Homes programme. The advice of the Council's Acting Director of Finance deals with the financial consequences for the Council of the proposed awards

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- 18.2 Should the award of borrowing approvals not be granted then these contracts will not go ahead as the funding will not be available.
- 18.3 The Council's Finance Department has been an integral part of the project team for this project and all of the short-listed companies were financially evaluated and found to be sound in relation to the size of contract being awarded.

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who have confirmed compliance with the provisions of the Public Contracts Regulations 2006.

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- 19.3 Homes for Haringey is conducting formal consultation with every leaseholder in the Borough in order to fulfil the Council's obligations under The Service Charges (Consultation Requirements) (England) Regulations 2003 ('the Regulations'). A Notice of Intention to appoint Compliance Teams was sent to leaseholders on the 21<sup>st</sup> of July 2006. The form and content of the Notice was approved by Mr Jonathan Brock, a leading property law Queen's Counsel, before it was issued. A Notice of Proposal, naming the proposed Compliance Team, will then be sent to leaseholders after the 13<sup>th</sup> of February 2007. Again, the form and content of this second notice will be approved by Mr Brock.
- 19.4 Homes for Haringey has applied to the Leasehold Valuation Tribunal for a dispensation from some of the requirements of the Regulations as they apply to the second notice. Mr Bob Watts, the Executive Director of Building Services, Homes for Haringey, has written to every leaseholder in the Borough advising them of the reasons why the Council has made the application. A draft copy of that letter is attached in Schedule 1 to this report. The hearing of the Council's application will take place on the 29<sup>th</sup> and 30<sup>th</sup> of March 2007. The Council will be asking the LVT to retrospectively dispense with the requirement to provide specific cost information in the second notice. The nature of the proposed framework agreements means that it will not be possible to provide specific cost information to leaseholders at the time of Notice of Proposal (second notice). See Mr Watts' letter for more information. Other Boroughs, such as Barnet, have already made similar successful applications to the LVT and the Head of Legal Services is confident that the Council's application will also be successful.

### **20.0 Comments of the Head of Procurement**

- 20.1 The size and value of the Decent Homes programme warrants the appointment of professional consultants to undertake the management of the contractors undertaking the work.
- 20.2 The selection of Framework Agreements as a procurement route for the delivery of consultant advice ensures that there is sufficient capacity in the compliance team partners to cover a wide geographical area.

- 20.3 A Framework Agreement will also allow for the appropriate level of contract management to be put in place, and also for swift action should one of the partners under-perform.
- 20.4 The process of selecting the Framework consultants has been undertaken with support from the Construction Procurement Group who have wide experience and knowledge of the benefits and process of such a procurement route.
- 20.5 The tender process has fully tested the market, and there has been significant interest from a large number of consultants.
- 20.6 This process has been supported by the Homes for Haringey Legal partners, Trowers and Hamlins, , in which case, the Head of Procurement would also support the recommendation at para. 13.

## **21 Comments of the Council's / Homes for Haringey's external legal advisors (Trowers and Hamlins)**

- 21.1 Legal advice on the procurement of the framework agreement has been provided by Trowers & Hamlins, who have been appointed by the Council to provide advice on EU procurement, forms of contract and the strategic relationships required to carry out the programme of works. They confirm that the procurement of bilateral framework agreements described in paragraph 11.1 above complies with the Public Contracts Regulations 2006 and is line with Office of Government and Commerce (OGC) Guidance (January 2006)

**Procurement Committee****on 13<sup>th</sup> February 2007**

**Report title:** Extension and variation of the contracts with Prospects Services Limited and Careers Enterprise (Futures) Limited for Connexions North London services 2007-08 - Part A.

**Forward Plan reference number (if applicable):-**

**Report of:** The Director of the Children and Young People's Service

**Wards affected: All**

**Report for: Key**

**1 Purpose**

To seek Member authority under Contract Standing Order (CSO)13.02 to vary the existing contracts with Prospects Services Limited (hereinafter "Prospects") and Careers Enterprise (Futures) Limited (hereinafter "Futures") for Connexions North London services by extending them by one year for 2007-08, as well as making certain variations of the contract provisions to strengthen the performance monitoring framework.

**2 Introduction by Executive Member**

The Connexions North London Consortium wishes to extend the contracts with Prospects and Futures for one year to 31 March 2008. Performance management will be strengthened. I recommend approval.

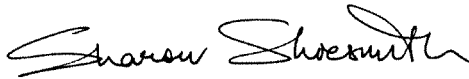
A further report will come to the Procurement Committee in September about the post 31 March 2008 arrangements.

**3 Recommendations**

That the Members approve, as permitted under CSO 13.02, the variation of the following contracts in the manner indicated:

- (1) with Prospects by extending this contract by one year until 31<sup>st</sup> March 2008 for the additional contract value referred to in para. 1.1 of Part B and by making variations to the contract provisions relating to performance monitoring to be approved by the Head of Legal Services;
- (2) with Careers by extending this contract by one year until 31<sup>st</sup> March 2008 for the additional contract value referred to in para. 1.2 of Part B and by making variations to the contract provisions relating to performance monitoring to be approved by the Head of Legal Services.

**Report authorised by:**



Sharon Shoesmith,  
Director  
The Children and Young People's Service

**Contact officer:** Janette Karklins, Deputy Director, School Standards and Inclusion

**Telephone:** 020 8489 5048

**4. Executive summary**

- 4.1 On 25<sup>th</sup> January 2005, Council Executive gave approval for Haringey to enter into a consortium agreement with other Connexions North London partner bodies. This was to facilitate a more efficient contractual arrangement and use of resources in the running of Connexions in North London.
- 4.2 Under the new arrangement, Haringey became the contracting body for the new Connexions North London Consortium ("the Consortium"). This arrangement allows Haringey to reclaim the VAT charges levied on payments to the contracted service providers of the Connexions Service. This in turn allows more funding for the Connexions service. Haringey took over the contracting role from Connexions North London Partnership Limited (CxNL Co.), which had ceased, in April 2004, being able to reclaim VAT.
- 4.3 The contract has continued with Prospects and Futures and the current contract is due to end on 31<sup>st</sup> March 2007.
- 4.4 The Consortium Board wishes to continue service provision arrangements with Prospects and Futures, subject to slightly altered terms and conditions, which they have negotiated. In accordance with the above consortium arrangements, the Board is recommending that Haringey extend the existing contracts with Prospects and with Futures for a one year period up to 31<sup>st</sup> March 2008 for the additional contract values referred to in para. 1 of Part B. The Board is also recommending slight variations to the contract provisions relating to the performance monitoring framework the terms of which will be subject to approval by Legal Services.

**5 Reasons for any change in policy or for new policy development (if applicable)**

- 5.1 Under normal circumstances the contracts would be market tested and tendered when they come up for renewal. The circumstances around the Connexions contract are more complex as from April 2008 the funding for Connexions services will come direct to each Local Authority instead of being channelled through the CxNL Co and the Consortium. This means that all the existing contracting arrangements will cease from March 31<sup>st</sup> 2008 and therefore there will be a re-tendering process taking place in 2007-08.
- 5.2 The current contracts are interdependent on the current Consortium which includes the London Boroughs of Barnet, Enfield, Haringey and Waltham Forest. Each borough is in the process of preparing a transition plan for April 2008 and at this stage it is not known whether there will be continued collaboration through some sort of consortium arrangement.

**6 Access to information: Local Government (Access to Information) Act 1985**

- 6.1 The following background papers were used in the preparation of this report:  
Connexions North London Consortium Agreement

Letter on behalf of the Consortium requesting that Haringey extend the careers contracts for the year 2007-08 (subject to slight variation around performance monitoring arrangements).

**For access to the background papers or any further information please contact**  
Janette Karklins 020489 5048

- 6.2 This report contains exempt and non-exempt information. Exempt information is contained in Part B of this report and is NOT FOR PUBLICATION. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

(3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**7 Background**

- 7.1 On 25<sup>th</sup> January 2005, Council Executive gave approval for Haringey to enter into a consortium agreement with other Connexions North London partner bodies. This was to facilitate a more efficient contractual arrangement and use of resources in the running of the Connexions Service in North London.

- 7.2 Under the new arrangement, Haringey became the contracting body for the Connexions North London Consortium. This arrangement allows Haringey to reclaim the VAT charges levied on payments to the contracted service providers of the Connexions Service. As a result more funding is available for the Connexions Service. Haringey took over the contracting role from Connexions North London Partnership Limited (CxNL Co.), which had ceased, in April 2004, being able to reclaim VAT.

- 7.3 On 1<sup>st</sup> Feb. 2005, Procurement Committee approved the novation (transfer) from CxNL Co. to Haringey of the service provision arrangements then in place with Prospects and Futures. These arrangements were due to end on 31<sup>st</sup> March 2007. The Consortium Board wishes to continue service provision arrangements with Prospects and Futures, subject to slight variations to the contract terms and conditions, which they have negotiated.

- 7.4 Under the Consortium's contracting procedures, Haringey, as the contracting body must place contracts for delivering or supporting the Connexions Service after considering the Consortium's recommendations. The Consortium Members recommend that CxNL Co. allocate funds to Haringey in the form of a grant to be used on the Connexions Service. Haringey is then expected to place contracts with delivery organisations after considering the Consortium's recommendations as to the choice of service providers. Once the contracts are placed, Haringey receives invoices for the contracted services and makes payments from the money allocated to them by the Consortium. Haringey then has legal responsibility for the performance and completion of the contracts but CxNL Co. monitors the performance of the contracts. This is regulated via policies and procedures agreed from time to time between the CxNL Co. Chief Executive and appropriate officers of Haringey Council.

- 7.5 Further to these arrangements, the Consortium Board has recommended that Haringey extend the existing contracts with Prospects and with Futures for a one year period from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008 for the additional contract values referred to in para. 1 of Part B. They have indicated that these contracts will be re-tendered for the period beyond March 2008. Members have the power to authorise such variations under CSO 13.02.
- 7.6 As before, the services to be provided under the proposed extended contracts with Prospects and Futures would be delivered in Haringey, Barnet, Waltham Forest and Enfield. The services involve the provision of information, advice, guidance and support for young people aged 13 to 19 and up to 21 in the case of young people with special needs.
- 7.7 As in the past, it is not anticipated that the Council's legal responsibility for the performance of the proposed contracts with Prospects and Futures will pose any significant risk to the Council. CxNL Co.'s day-to-day role of managing and monitoring contract performance should continue to minimise risk of performance issues arising at all. Further, they have given assurances that their proactive dispute resolution approach and the fact that to date legal action has not been required to ensure effective performance of existing contracts indicate an insignificant level of risk of any future legal action being necessary. In fact, no legal disputes concerning the service provided by Prospects and Futures have arisen since Procurement Committee's decision on 1<sup>st</sup> February 2005 approving the novation from CxNL Co. to Haringey. In July 2005 Prospects failed to meet one of the agreed targets (to measure the reduction of the "not known" level in Haringey) and a rectification notice was issued in July as a sanction. Since this action and with even closer performance monitoring the situation has improved. This demonstrates CxNL Co.'s effective approach to monitoring and their willingness to challenge when performance falls short of expectations.
- 7.8 Extending the proposed contracts would be a cost neutral arrangement for Haringey as any administrative charge for handling the contracts will be covered through grant funds passed on by CxNL Co. on the Consortium Board's recommendation.

## **8 Recommendation**

- 8.1 That the Members approve, as permitted under CSO 13.02, the extension of the following contracts in the manner indicated:
- (1) With Prospects by extending this contract by one year until 31<sup>st</sup> March 2008 for the additional contract value referred to in para. 1.1 of Part B and by making variations to the contract provisions relating to performance monitoring to be approved by the Head of Legal Services;
  - (2) With Futures by extending this contract by one year ending on 31<sup>st</sup> March 2008 for an additional value referred to in para. 1.2 of Part B and by making variations to the contract provisions relating to performance monitoring to be approved by the Head of Legal Services.

## **9. Equalities Implications**

- 9.1 Connexions work directly targets young people likely to leave education and not enter employment or further training. The majority of young people currently falling into this bracket are within our Black and Minority Ethnic communities. The work of Connexions serves to challenge this trend, and introduce more of these young people back into the world of work and education.



## **10 Financial Implications**

- 10.1 The contracts are a cost neutral arrangement for Haringey Council. The funding for the contracts is provided as a grant to CxNL Co., which is then transferred to Haringey Council to issue to the service providers. There is no additional cost to the Council and all administration costs incurred by the Council are recouped from CxNL Co.
- 10.2 In terms of value for money, the contract prices proposed are held at the same value as the current contracts.

## **11 Comments of the Director of Finance**

- 11.1 Extension of the current arrangements for a further year has no direct financial implications as these arrangements are met from within existing budgets. Detailed financial consideration will need to be given before the full organisational change comes into effect from 1 April 2008.

## **12 Comments of Head of Legal Services**

- 12.1 The existing contracts with Prospects and Futures both allow for their extension by agreement in writing between the parties. However, the extension must still be authorised at the appropriate level within the Council. The contracts do not provide for any other type of contract variation beside an extension.
- 12.2 In certain circumstances, under CSO 13.01 a Director may authorise an extension and other variations of a contract. Under CSO 13.02, Members have the power to authorise contract variations or extensions in any circumstances other than those in CSO 13.01. As the proposed extensions and variations do not fall within the circumstances in CSO 13.01 allowing a Director to act, Members are the appropriate persons to authorise them.
- 12.3 As the report indicates, the exact terms of the proposed variations to the provisions of the contract will be subject to approval by the Head of Legal Services before the contract are concluded.
- 12.4 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in paragraph 8 of the report.

## **13 Comments of Head of Procurement**

- 13.1 Haringey Council is the contracting body and hence Haringey CSO's apply.
- 13.2 The uncertainty of membership beyond March 2008 poses a potential threat to the service delivered within the borough of Haringey and places uncertainty into any re-tendering process. If Haringey is to procure a service either for its own use or on behalf of any other authority then this process needs to commence during Summer 2007.
- 13.3 It is therefore recommended that a further report is prepared for the September Procurement Committee that provides clarity in regards to the procurement strategy and timetable, the service specification and whether other authorities will be joining with Haringey.

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Agenda item: **[No.]**

**Procurement Committee**

**On 13 February 2007**

Report Title: **Mental Health Services for children in the care of Haringey Council  
(Part A): Request for waiver of requirement to tender**

Forward Plan reference number (if applicable): **N/A**

Report of: **Director of the Children and Young People's Service**

Ward(s) affected: **All**

Report for: **Non-Key Decision**

### **1. Purpose**

1.1. To seek Member agreement to waive the requirement to tender under Contract Standing Orders.

### **2. Introduction by Executive Member**

2.1 The Executive Member for Children and Young People recommends a waiver of the requirement to tender.

### **3. Recommendations**

3.1. That Members agree the waiver of Contract Standing Order (CSO) 6.04 (requirement to tender), as allowed under CSO 7, in accordance with waiver requirements noted under CSO 7.03.

Report Authorised by:

Sharon Shoesmith  
Director  
The Children and Young People's Service

Contact Officer: Marion Wheeler  
Service Manager, Children & Families  
Tel: 0208 489 1862

#### 4. Executive Summary

4.1. Request to waive the requirement to tender, on the basis that there is a compelling need to maintain continuity of service to a high risk and high priority area of work whilst undertaking a full market testing and tendering exercise.

#### 5. Reasons for any change in policy or for new policy development (if applicable)

N/A

#### 6. Local Government (Access to Information) Act 1985

6.1. List of background documents:

Progress Report for Tavistock-Haringey LACA – Clinical Activity April – November 2006 (available on request).

6.2. Part B of this report is not for publication as it contains exempt information under the following category:

Exempt information under 12A of the Local Government Act 1972, namely:

(3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

#### 7. Background

7.1. Mental Health Services for Haringey's Looked After Children have since 2001 been provided by the Tavistock and Portman NHS Trust. This contract was initially let following agreement with the Primary Teaching Care Trust and the Barnet Enfield and Haringey Mental Health Trust that the BEHMT were unable to deliver the level of service required for Haringey Looked After Children. The contract has been let to Tavistock – Portman Trust in successive years on an annual basis. The Current contract expires in March 2007.

7.2. The service has developed year on year from a small 'emergency referral' contract to a full service providing a comprehensive range of clinical assessment and treatment services, support services, research services and staff skills development services.

- 7.3. The contract and service provision has been highly effective and we are now in a position of needing to consolidate and then further develop service quality and performance

## **8. Budget**

- 8.1 The service is funded wholly through the CAMHS modernisation fund grant which is allocated on an annual basis to Children's Service authorities. The amount budgeted for this service provision is exempt information and is set out in Part B.

## **9. Description of Procurement Process**

- 9.1. We seek authority to waive the requirement to tender as allowed under CSO 7.03(d) on the ground that this is in the Council's overall interest. There is a compelling need to maintain continuity of service to a high risk and high priority area of work whilst undertaking a full market testing and tendering exercise.

### **9.2. Reasons for Waiver**

- 9.2.1. Changes to the Children and Young People's Service structure are being implemented and the Council will need time for the new structure to be embedded, before it can adequately reassess the requirements of this service for the purpose of putting it out to tender.
- 9.2.2. Given the sensitive nature of the service provided (Mental Health service to Children & Young People), continuity of service is a paramount consideration.
- 9.2.3. The current provider has extensive knowledge and networks within the Council and Haringey CAMHS. This provides consistency to clients and Council officers and enables the service to work effectively through joint working.

- 9.3 There is a potential competitive market for provision of these services and we are requesting a waiver in order to ensure a planned transition and a careful market testing and commissioning /tendering activity can be undertaken whilst we maintain service continuity and stability for this vulnerable group of children. This applies particularly to those children engaged in therapeutic treatment.

- 9.4 Award of contract will be by agreement of Procurement Committee. It is proposed to award a contract for 1 year.

## **10. Consultation**

- 10.1. BEHMT, PTCT, Tavistock and Portman NHS Trust

## **11. Key Benefits and Risks**

### **11.1 Benefits**

- Stability and continuity of service to a vulnerable group of children
- Meets the Council requirement of providing a quality service to meet the Every Child Matters outcome of Being Healthy
- Enables a planned transition of service, minimising disruption of service to existing clients
- Facilitates a planned procurement exercise to be undertaken within appropriate timescales and enables better consultation with potential providers which will lead to a procurement process that achieves value for money for the Council.

## **12. Contract and Performance Management**

- 12.1 The contract is managed through a multi- agency steering group which monitors performance and service quality together with quarterly formal contract monitoring meetings which review reports on service quality and activity.

## **13. Summary and Conclusions**

- 13.1 The provision of mental health services to looked after children is a high risk and high priority area of provision. This report seeks authority to waive the requirements to tender in advance of an extended interim award of a contract to Tavistock – Portman Trust to ensure continuity of provision whilst work is undertaken to fully test the market for potential providers of this key service.

## **14. Recommendations**

- 14.1 That Members approve the waiver of CSO 6.04 as allowed under CSO 7.03.

## **15. Equalities Implications**

- 15.1 The key equalities implication is for the Council to ensure that the children in our care have continuous and priority access to high quality clinical mental health services. In effect this requires that services available to these children take into account their existing disadvantage which arises from their 'looked after' status in addition to considerations of clinical need and priority

## **16. Health and Safety Implications**

- 16.1 Health and Safety legislation will be incorporated into the terms and conditions of contract and monitored throughout the life of the contract. It will also form part of the evaluation criteria in the subsequent tender process.

## **17. Sustainability Implications**

- 17.1 Sustainability legislation will be incorporated into the terms and conditions of contract and monitored throughout the life of the contract. It will also form part of the evaluation criteria in the subsequent tender process.

## **18. Financial Implications**

- 18.1 The provision of services is funded entirely from the annual Mental Health Services grant which is paid directly to the local authority. The conditions of the grant are set out in the government guidance concerning priorities for mental health services and the National Framework for mental health services, Looked after children and services for care leavers in particular are key priority areas for activity and it is this guidance which dictates the priority areas for the commissioning strategy.

## **19. Comments of the Director of Finance**

- 19.1 The Director of Finance was consulted in the preparation of this paper and supports the comments made in respect of the budget and confirms this is fully funded by grant.

## **20. Comments of the Head of Legal Services**

- 20.1 The services to be provided under this contract are “residual activities” for the purposes of the Public Contracts Regulations 2006. Therefore the full EU tender process does not apply. In particular it is not mandatory to put these contracts out to tender under the EU rules.
- 20.2 This report is seeking a waiver of CSO 6.04 (requirement to tender) on the ground in CSO 7.03(d) that it is in the Council’s overall interest.
- 20.3 Under CSO 7.01, any individual provision of the CSO other than CSO 8.01 may be waived by the appropriate person specified in CSO 7.02 on the grounds set out in CSO 7.03. CSO 8.01 relates to EU procedures which, as noted in paragraph 20.01 above, do not require EU tendering in this case.
- 20.4 As the value of this contract is over £250,000, under CSO 7.02(a) the appropriate body to approve a waiver of CSO provisions in relation to the contract is the Executive Procurement Committee.
- 20.5 Provided that Members are satisfied that the waiver sought is in the Council’s best interest, they have power to approve the waiver as recommended in paragraph 14 of this report.
- 20.6 The Head of Legal Services confirms that there is no legal reason preventing the Leader from approving the recommendations in paragraph 14 of this report.

## **21. Comments of the Head of Procurement**

- 21.1 The request for a waiver is in line with the Procurement Code of Practise.
- 21.2 This contract is being waived in order to ensure that the Children's services structure has been firmly embedded and that the appropriate level of consultation and market research is undertaken before this service is let.
- 21.3 The expenditure incurred over a one year period on this service is shown in part B. To ensure Best Value for the Council Children's services must ensure that that the contract is subject to market testing within the next financial year.
- 21.4 Contract management arrangements are in place and will continue to ensure contract compliance within this contract.

## **22. List of Appendices / Tables / Photographs**

- 22.1 Part B of this report contains exempt information.



Agenda item: **[No.]****Procurement Committee****On 13 February 2007**

Report Title: **Mental Health Services for children in the care of Haringey Council (Part A): Award of contract**

Forward Plan reference number (if applicable): N/A

Report of: The Executive Director of Children & Young People's Service

Ward(s) affected: All

Report for: **Non-Key Decision**

### 1. Purpose

1.1 To seek Member agreement to award the contract for Mental Health Services for looked after children.

### 2. Introduction by Executive Member

2.1 The Executive Member for Children and Young People recommends the extension of this contract for one year.

### 3. Recommendations

3.1 That Members agree to award the contract for the above project, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 14 of this report.

3.2 That the contract be awarded for a period of 1 year on the basis detailed in the report.

Report Authorised by:

A handwritten signature in black ink, appearing to read "Sharon Shoesmith".

Sharon Shoesmith  
Director  
The Children and Young People's Service

Contact Officer: Marion Wheeler  
Service Manager, Children & Families  
0208 489 1862

#### **4. Executive Summary**

4.1 Award report for the provision of Mental Health Services for looked after children, recommendation to continue to contract with the current provider to enable stability and consistency for the current users of the service and stability of the service provision. A market testing exercise and tendering process will be undertaken within the next financial year 07/08.

#### **5. Reasons for any change in policy or for new policy development (if applicable)**

5.1

#### **6. Local Government (Access to Information) Act 1985**

6.1 List of background documents:

Progress Report for Tavistock-Haringey LACA – Clinical Activity April – November 2006 (available on request).

6.2 Part B of this report is not for publication as it contains exempt information under the following category:

Exempt information under 12A of the Local Government Act 1972, namely:

(3) Information relating to the financial or business affairs of any particular person (including the authority holding that information)..

#### **7. Background**

7.1 The contract for the provision of mental health services for looked after children in Haringey was first awarded to the Tavistock and Portman NHS trust in 2001 following agreement with the Primary Teaching Care Trust and local mental health services provider Barnet Enfield and Haringey Mental Health Trust. At this time the BEHMT were unable to provide a priority mental health service for all children in the care of the Council. The initial contract was for the provision of an agreed number of assessments and treatment interventions. This has developed year on year to now include a comprehensive range of assessment, treatment and support services together with staff development, carer support and research activities. The contract's current annual value is exempt information set out in Part B.

7.2 The provision of mental health services for looked after children are a high risk and high priority area. Overall the demand for mental health services from the general population in Haringey is high and resources are allocated on a basis of clinical need and priority. Children in the care of the local authority have additional needs and complexities in their lives and they and their carers often need to have access to assessment, treatment and support services for reasons that would not necessarily afford them priority if measured on a clinical need basis against the general population.

7.3 The current provider Tavistock and Portman Trust have since 2001 steadily developed and improved the service and it is essential that we manage the process of market testing and tendering for a longer term contract in a way which ensures

continuity of provision both to those individual children receiving treatment currently and to the management of the mental health service provision as a whole.

7.4 The current service was amongst those provisions inspected in the recent Joint Area Review and was found to be a 'strength' by the inspection team. The current Tavistock team has maintained a good level of activity in terms of the management of new referrals, have managed to avoid any build up of a waiting list and have brought much needed additional value to the C&YP Service team with their access to a world renowned expertise and research knowledge within the wider Tavistock and Portman organisation.

7.5 Provision of mental health services to children in the care of Haringey Council and care leavers including clinical assessments and treatment, consultation, training and support of carers and staff, provision of a specialist post Adoption counselling service, research and activity aimed at securing greater stability of placements for looked after children

7.6 The Haringey PTCT also commissions a range of mental health services from the Tavistock. Through the work of the CYP strategic partnership board, a joint commissioning strategy for these services will be developed.

7.7 The benefits gained by the Council by the continued use of the current provider are as follows –

7.7.1 Continuity of clinical and therapeutic treatment plans for individual children

7.7.2 The current provider has extensive knowledge and networks within the council and the wider Haringey Child and Adolescent mental health network. This provides a context of stability for maintaining progress against national and local performance targets.

7.7.3 Changes to the CYP Service structure planned for early 2007 require flexibility in the ability of the provider to deliver services effectively in a changing environment. The current provider has been positive in response to this requirement to date.

7.7.4 The current service is working well and has capacity and willingness to develop the service to gain further improvements.

## **8. Budget**

8.1 The amount budgeted for this contract is exempt information and is set out in Part B.

## **9. Description of Procurement Process**

9.1 A waiver of the requirement to tender was sought from Procurement Committee on the basis that it was in the Council's best interest. The proposal for award of this contract is recommended on the basis that this is a service currently provisioned by Tavistock-Portman Trust and that stability and continuity of service provision is paramount to these vulnerable clients. The award of a short-term contract to the current organisation will enable adequate time for market testing and subsequent tendering of the service and a planned transition of clients under the new contract.

9.2 Market Testing will enable us to choose the type of tendering process, i.e. open tender or restricted tender.

9.3 The proposed timetable for tendering of the service is as follows:

Market Testing and Consultation in April 2007, Tender process commencing by Autumn 2007.

## **10 Consultation**

### **10.1 PTCT, BEHMT, Tavistock and Portman NHS Trust**

## **11 Key Benefits and Risks**

11.1 The benefits gained by the Council by the continued use of the current provider are as follows –

11.1.1 Continuity of clinical and therapeutic treatment plans for individual children

11.1.2 The current provider has extensive knowledge and networks within the Council and the wider Haringey Child and Adolescent mental health network which provides a context of stability for maintaining progress against national and local performance targets.

11.1.3 Changes to the CYP Service structure planned for early 2007 require flexibility in the ability of the provider to deliver services effectively in a changing environment. The current provider has been positive in response to this requirement to date.

11.1.4 The current service is working well and has capacity and willingness to develop the service to gain further improvements

## **12 Contract and Performance Management**

12.1 The contract will continue to be managed through a multi- agency steering group which monitors performance and service quality together with quarterly formal contract monitoring meetings which reviews reports on service quality and activity

## **13 Summary and Conclusions**

13.1 The Tavistock and Portman NHS trust have successfully provided high quality 'fast track' access mental health services to Looked after children on a developing basis since 2001. The contract for these services has been let on an annual basis since 2001 and in order to ensure future service continuity and stability the process of letting the contract on a longer term basis following an exercise of full market testing and tendering is now commencing. This work will be complex and lengthy and in order to maintain a continuity of provision to this highly vulnerable group of children in the interim we are requesting that there be agreement for an interim contracted period of 1 year, with the current provider to ensure that stability in this critical area of service provision is maintained during a possible transitional period.

## **14 Recommendations**

- 14.1 That Members agree to award the contract for Mental Health Services to children in care of Haringey Council to Tavistock and Portman Trust for a period of 1 year in the sum of set out in Part B.

## **15 Equalities Implications**

- 15.1 The key equalities implication is for the council to ensure that the children in our care have a continuous and priority access to high quality clinical mental health services. In effect this requires that services available to these children takes into account their existing disadvantage which arises from their 'looked after' status in addition to considerations of clinical need and priority

## **16 Health and Safety Implications**

- 16.1 Health and Safety legislation will be incorporated into the terms and conditions of contract and monitored throughout the life of the contract. It will also form part of the evaluation criteria in the subsequent tender process.

## **17 Sustainability Implications**

- 17.1 Sustainability legislation will be incorporated into the terms and conditions of contract and monitored throughout the life of the contract. It will also form part of the evaluation criteria in the subsequent tender process.

## **18 Financial Implications**

- 18.1 The provision of services is funded entirely from the annual Mental Health Services grant which is paid directly to the local authority. The conditions of the grant are set out in the government guidance concerning priorities for mental health services and the National Framework for mental health services, Looked after children and services for care leavers in particular are key priority areas for activity and it is this guidance which dictates the priority areas for the commissioning strategy.

## **19 Comments of the Director of Finance**

- 19.1 The Director of Finance was consulted in the preparation of this paper and supports the comments made in respect of the budget and confirms this is fully funded by grant.

## **20 Comments of the Head of Legal Services**

- 20.1 The report is seeking an award of the contract. Once a request for a waiver in the accompanying report has been approved, Members have power to consider an award of the contracts under CSO 11.03.
- 20.2 The Head of Legal Services confirms that there is no legal reason preventing the Leader from approving the recommendations in paragraph 14 of this report.

## **21 Comments of the Head of Procurement**

- 21.1 The request for award of contract is in line with the Procurement Code of Practise.
- 21.2 This contract is being awarded as a result of a request to waive contract standing orders being agreed by Procurement Committee. This is in order to ensure that the Children's services structure has been firmly embedded and that the appropriate level of consultation and market research is undertaken before this service is let.
- 21.3 The expenditure incurred over a one year period on this service is shown in part B. To ensure Best Value for the Council Children's services must ensure that that the contract is subject to full market testing within the next financial year.
- 21.4 Contract management arrangements are in place and will continue to ensure contract compliance within this contract.

## **22 Use of Appendices / Tables / Photographs**

- 22.1 Part B of this report contains exempt information.

**REPORT TEMPLATE:  
PROCUREMENT COMMITTEE**



Agenda item: **[No.]**

**Report to Procurement Committee**

**13 February 2007**

Report Title: **Children's Centres – Phase Two, Earlsmead & Welbourne Primary Schools (Part A): Award of contract**

Forward Plan reference number (if applicable): N/A

Report of: Steve Barns – Interim Head of Property and Contracts

Ward(s) affected: **Tottenham Green**

Report for: Non key decision

**1. Purpose**

1.1 This report seeks Member approval to award the contract for the development and construction of a Children's Centre at both Earlsmead and Welbourne Primary School sites. The value of the proposed contract is detailed in Part B(1).

**2. Introduction by Executive Member**

- 2.1 London Borough of Haringey has identified Earlsmead Primary and Welbourne Primary Schools as recipients of funding for development of two Children's centres. Both will be funded from Sure Start Children's Centres Phase Two capital funding programme
- 2.2 I endorse the recommendation to award the contract for the construction works to the contractor named in Part B.
- 2.3 I am a Governor at Welbourne Primary but have played no part in this procurement exercise.

**3. Recommendations**

- 3.1 That Members agree to award the contract for the above project, as allowed under Contract Standing Order (CSO) 11.03, to the contractor named in Part B1.
- 3.2 That the contract be awarded for the sum stated in Part B1 for a period of 22 weeks.

Report Authorised by:

Sharon Shoesmith  
Director  
The Children and Young People's Service

Contact Officer: Brendan Bannister, Project manager (CYPS)  
(Tel. 020 8489 1960)

#### **4. Executive Summary**

- 4.1 London Borough of Haringey identified Earlsmead and Welbourne as two of the recipients for SureStart Phase Two Children's Centre funding.
- 4.2 Contractor selection is based on the Framework Agreement
- 4.3 Agreement has been reached on a Maximum Price
- 4.4 Funding is due to be confirmed by the SureStart unit in late January 2007.
- 4.5 The report seeks the approval of Members to award the contract for the construction of 2 Children's centres and approval of the total project sum.

#### **5. Reasons for any change in policy or for new policy development (if applicable)**

- 5.1 N/A

#### **6. Local Government (Access to Information) Act 1985**

- 6.1 List of background documents:
  - Framework Agreement for Major Works, January 2006 (Project banding £250K - £999K).
- 6.2 This report contains exempt and non-exempt information. Exempt information is under the following category (identified in amended Schedule 12A of the Local Government Act 1972). s.(3) Information relating to financial or business affairs of any particular person (including the authority holding that information).

#### **7. Background**

- 7.1 The Government has launched Phase Two of the Children's Centres and the London Borough of Haringey has identified Earlsmead and Welbourne to receive funding for development of a Children's centre at each site; both of which are within the Tottenham Green ward.
- 7.2 Project information was forwarded to the SureStart unit in December and formal approval to fund the projects is due by late January 2007.
- 7.3 The scope of the works is as follows: To provide a new Children's centre at each site; to remove the existing 'drop in' Centre at Earlsmead; to improve the layout and facilities in the Earlsmead nursery; to improve the facilities for the Welbourne play centre.



- 7.4 The Earlsmead project was initially a Children's Centre phase 1 project that was aborted due to unfavourable planning issues. The SureStart Unit agreed to fund the Children's Centre in the current Children's Centre Phase Two programme of works.
- 7.5 CYPS are project managing this development. Barron & Smith Architects were appointed as lead designer in October 2006 from the Haringey design framework and the main Contractor was selected via the construction Framework Agreement in November 2006. The design (Stage D) was concluded and the tender documents were issued to the Contractor in December 2006. The tender was received and opened on 22 January 2007.
- 7.6 Planning and Building control approval is anticipated late January 2007.

## **8. Budget**

- 8.1 This information is exempt refer section 8.1 of Part B.
- 8.2 This information is exempt refer section 8.2 of Part B.
- 8.3 This information is exempt refer section 8.3 of Part B.

## **9. Description of Procurement Process**

The Construction Procurement Group has recently implemented a number of Framework Agreements available for the call-off of contractors and consultants work. The process for the selection of contractors is outlined below.

### **9.1 Framework Agreement Methodology**

- 9.11 This project falls under the Major Works £250K - £999K band in the Framework Agreement. At the time of selecting the band category, the estimate (exempt information – refer to Part B 8.1) was within the upper limit; however, due to market factors the agreed maximum price now marginally exceeds this limit. Refer to Part B 9.24

There are 12 contractors within this band. The 12 contractors were selected based on quality, price and subsequent interviews. The preferred contractor achieved the highest score based on a matrix of factors.

### **9.2 Selection of Contractor**

- 9.21 In line with the management arrangements for the Framework Agreements, a panel is required to jointly consider the appointment of any contractor from the framework agreement. The project panel met on the 17<sup>th</sup> November 2006. It was made up of the Project Manager (CYPS), Construction Procurement Group and the project Architect (Baron & Smith).

- 9.22 The Construction Procurement Group has developed a rigorous selection process for the selection of contractors from the Framework. This process has been agreed by audit. It includes such factors as price and quality, health and safety performance, financial status, ranking under the original framework agreement evaluation process and the client's essential project criteria.
- 9.23 A meeting was held with the selected contractor to discuss the project and determine their ability to undertake the works.
- 9.24 This information is exempt; refer section 9.24 in Part B.

### **9.3 Contractor Pricing Process**

- 9.31 The contractor attended a meeting at the Property & Contracts Section of Haringey Council at 48 Station Road, Wood Green, London N22 7TY on 22 November 2006 where they were briefed on the project and provided with a set of tender documents representing the scheme. The cost consultant engaged in preliminary discussions with the contractor and there was agreement on which packages over £5,000 were to be domestic sub contract packages.
- 9.32 The contractor priced the packages of sub-contract work agreed with the cost consultant. The pricing of all these sub-contract packages was carried out on an open book basis. They provided three quotes for each such package. All other works were priced by the contractor on the basis of the Approximate Bills of Quantities supplied to them.
- 9.33 The sub-contract prices and the priced Bills of Quantities submitted by the contractor were assessed by the cost consultant and found to be competitive, best value for money and in line with current market rates. All the contractor's pricing submissions were then presented on the Major Works Agreed Maximum Price (AMP) Summary Sheet. The contractor's preliminaries, overheads and profits formulas set out in the Framework Agreement were then inserted by the cost consultant into the AMP Summary Sheet to arrive at an Agreed Maximum Price for the project works.
- 9.34 The Agreed Maximum Price arrived at in accordance with the above Framework Agreement procedure is as set out in section 9.24 of Part B.
- 9.35 The defects liability period is 12 months

## **10 Consultation**

- 10.1 Extensive consultation has been carried out with the end users in arriving at the agreed layouts and in addition an open evening was held to invite comments and debate. CYPS, Governors, school heads, Primary Care Trust staff, teachers and school staff have all had input in agreeing the schemes. Information and feedback from the consultation event was collated and incorporated in the final layouts and designs.

## **11 Key Benefits and Risks**

11.1 Benefits: Children's Centres coordinate the provision of child care facilities and help the provision of integrated services to families.

11.2 Risks:

- 1) Increased public expectations about availability and access to services need to be carefully managed by the Children's Centre management team;
- 2) The various partners on whom delivery of the core offer depends are unable to deliver the defined services, due to changed priorities or levels of resourcing—the impact of changes will need to be closely monitored, and action taken when necessary
- 3) Sustainability issues about child care income – business case planning must be underpinned by child care sufficiency information.

## **12 Contract and Performance Management**

12.1 Contract and performance management will be overseen by CYPS working closely with the Construction Procurement Group.

## **13 Summary and Conclusions**

13.1 This report seeks the approval of Members for the award of the contract to the contractor named and for the stated price named in Part B.

13.2 The project will provide Children's Centres at both Earlsmead and Welbourne Primary Schools. This project is part of the wider Children's Centre Phase Two programme of delivery within Haringey.

## **14 Recommendations**

14.1 That Members agree to award the contract for the new building work, as allowed under Contract Standing Order (CSO) 11.03, to the contractor named at Part B1.

14.2 That the contract be awarded for the sum stated in Part B for a Contract Period of 22 weeks.

## **15 Equalities Implications**

15.1 Children's Centres increase access to early childhood services across Haringey. Within this strategy for universal access, integrated services for children in higher levels of need will be strengthened, thereby reducing inequality of outcomes for Haringey's children.

## 16 Health and Safety Implications

- 16.1 This project has appointed a Planning Supervisor from the approved list of framework consultants. The Planning Supervisor is responsible for the management of the demolition and construction health and safety and risk management issues.

## 17 Sustainability Implications

- 17.1 The Children's Centres have been designed around the following principles; OSC (Off site construction) building procurement method employed for the Children's Centre which offers numerous sustainability benefits. Savings in programme time result in reduced impact of works on site and for the local community. Increased high quality workmanship and reduced levels of defects minimises the need for ongoing maintenance. OSC methods lead to a significant reduction in the numbers of deliveries to site as compared to traditional construction methods.

The buildings are designed to meet high levels of insulation to comply with recently updated building regulations requirements, thus minimising where possible ongoing power usage requirements. Fixtures and fitting maintain a sustainable conscious approach, for example heating and hot water will be provided by a condensing gas boiler, water system to incorporate spray taps and low volume dual flush toilet cisterns. Doors and windows are all high performance double glazing units and where possible windows are openable affording good natural ventilation throughout building.

The site location enjoys ease of access to good public transport links with bus and tube links within less than 5 minutes walk for ongoing access by users and staff alike.

A small element of work at Earlsmead has necessarily followed a more traditional procurement but maintaining all the principles as stated above.

## 18 Financial Implications

- 18.1 In order to claim the full available amount of SureStart funding the works must be completed by March 2008 and the level of expenditure required by March 2007 is such that Property and Contracts need to award the building contract by end of February 2007/ early March 2007.
- 18.2 **The SureStart unit is due to issue full project approval in January 2007 or early February 2007. Appointment of the contractor is subject to funding approval by the SureStart unit.**

## **19 Comments of the Director of Finance**

- 19.1 Work on this project began last financial year. To date we have incurred expenses amounting to £92k for the Earlsmead and Welbourne projects, most of which is on professional consultant fees. The project is now ready to move into the site mobilisation and construction phase.
- 19.2 However there is now a tight timescale to meet to ensure that expenditure is defrayed in this financial year as per the terms of the grant. Overall Haringey have received a SureStart capital allocation of £4.201m that needs to be spent in 2006/07. Officers will need to monitor the project closely to ensure that relevant timescales and grant instructions regarding expenditure are met by March 2007 in order that we maximise our grant allocation.
- 19.3 **As outlined in the report the SureStart unit are still to issue full project approval for Welbourne and Earlsmead.**
- 19.4 **Appointment of the contractor must be subject to final approval by the SureStart unit. This is expected to be confirmed in January 07.**

## **20 Comments of the Head of Legal Services**

- 20.1 The Construction Procurement Group has utilised the Council's Framework Agreement for Major Works which was tendered in accordance with EU legislation.
- 20.2 Under the Public Contracts Regulations 2006 a call-off contract may be awarded by application of the terms laid down in the Framework Agreement without reopening competition.
- 20.3 The Head of Legal Services confirms that there is no legal reason preventing Members from approving the award of this contract.

## **21 Comments of the Head of Procurement**

- 21.1 This procurement has been undertaken in line with the agreed arrangements for the call off of contractors from the framework agreement. (The CYPS have been extremely efficient in the full utilisation of the framework agreements).
- 21.2 Moreover, in order to ensure that the selection of this contractor will deliver value for money, the principle of open book accounting will ensure that there is cost transparency on this project.
- 21.3 The Head of Procurement is encouraged to see the use of modern methods of construction – i.e. off-site construction methods – utilised on this project. The emphasis on higher quality outturn on this type of project is to be encouraged where project timescales are tight.
- 21.4 Subject to full financial approval in late January, the Head of Procurement supports this procurement, and the recommendations made to Members to approve both the contractor selection and the contract price.

## **22 Use of Appendices / Tables / Photographs**

- 22.1 Part B of this report contains exempt information.

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